

INDIANA DEPARTMENT OF REVENUE
ANNUAL REPORT
2011

A large, faint watermark of the Indiana Department of Revenue logo is visible in the bottom half of the page. The logo features a central torch with rays emanating from it, surrounded by stars. The word "INDIANA" is arched above the torch.

Quality That Counts

LETTER FROM THE COMMISSIONER



Oct. 1, 2011

The Honorable Mitchell E. Daniels, Jr.
Governor, State of Indiana
State House, Room 206
Indianapolis, Indiana 46204-2797

Dear Governor Daniels:

The following document represents the Indiana Department of Revenue's annual report, covering Fiscal Year 2011 (July 1, 2010 – June 30, 2011), as required by Indiana law (IC 6-8.1-14).

FY 2011 presented the Department with a number of opportunities to improve and increase services and outcomes for the State of Indiana through our *Quality That Counts* initiatives. Here are some of our key accomplishments.

We have continued to increase our percentage of total electronic filing of taxes. Using electronic and online systems such as I-File for individuals, INtax for business trust taxes, along with extensive efforts with independent tax software vendors and practitioners, we have significantly increased electronic filing. This continues to be a major continuing effort toward efficiency and results in significant cost savings.

Trust tax collections increased to \$3.6 billion in 2011 as compared to \$2.7 billion in FY 2010. Our online system for trust taxes, INtax, significantly increased over the prior year with more than 125,000 businesses participating.

Collections continued to increase for delinquent taxes. Various increases in effectiveness allowed the Department to collect more than \$166 million in delinquent trust taxes in FY 2011.

Another point of emphasis in 2011 was customer service. We focused staffing to peak periods of customer demand allowing an increase in customer service agent availability. As a result, the Department achieved a call center action rate of 85 percent, an improvement of 15 percent over the prior year. We anticipate continued improvements in customer service with the installation of our new Customer Interaction Center telephone system. The center fielded almost 798,000 customer calls in FY2011.

It is through these, and many other efforts great and small, that the Department has made gains in operating efficiencies and significantly improved customer service and responsiveness. All accomplished within established budget guidelines. The activities and accomplishments further outlined in this report are a reflection of our continued commitment to the *Quality That Counts* culture of the Department to better serve the State of Indiana and our taxpayers.

Sincerely,

John Eckart
Commissioner
Indiana Department of Revenue

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TAXPAYER BILL OF RIGHTS

Public Law 332-1989



All Indiana taxpayers have certain rights and responsibilities under Indiana tax law. The Taxpayer Bill of Rights sets forth these rights and responsibilities:

- I** Quality taxpayer service
- II** Taxpayer advocate to help taxpayers in the preservation of their rights
- III** Taxpayer education and information
- IV** A fair collection process
- V** Appointed hearing time and representation
- VI** Demand notices
- VII** Warrants for collection of tax
- VIII** Judgment liens against property
- IX** Annual public hearing
- X** Taxpayer responsibilities

The Indiana Department of Revenue remains committed to its pledge to provide *Quality That Counts*, which is defined as highly efficient and effective operation and decisions. This is the framework within which the Department carries out its efforts to achieve its vision, live its mission, operate within its value set, and remain focused on a group of integrated strategies. The Department has accomplished this through teamwork and customer service training. The Department's efforts are guided by the following key components.

Our VISION – What we want to become:

The citizens of Indiana will look upon the Department of Revenue with respect and confidence that it is achieving with distinction its charged obligations.

Our MISSION – How we will realize the vision:

Administering tax laws in a fair, consistent and efficient manner that supports the State and local budgets, which allow Indiana to be a highly desirable place to live, work and do business.

Our VALUES – How we will conduct ourselves:

- **Pride** – Presenting the best of ourselves and our work
- **Respect** – Treating each other, taxpayers and vendors with respect
- **Highest standards** – Setting the bar in customer service and ethical behavior
- **Trust** – Doing what we say we will do, and doing it right
- **Teamwork** – Working in alignment with pride, respect and trust to achieve the highest standards

Our STRATEGIES – What we will do to achieve our mission:

- **Customer focused** – Considering how our actions and decisions affect the taxpayers and the State of Indiana
- **Efficient** – Ensuring we work smart and at the least cost to taxpayers
- **Effective** – Striving to offer the best service and the most beneficial results possible - consistently
- **Right people in the right jobs** – Ensuring Department employees are people who have the best skills and talents for the job

What Indiana Taxpayers Have To Say

"Over the last few weeks I have been working with one of your agents, **Stacie Brooke**. Her professional manner and helpful attitude have been exemplary. I am a CPA in Florida with over 30 years experience and the past chairman of the Board of Accountancy. In those capacities I have worked with agents from virtually every taxing agency in the country. Stacie ranks as one of the best and is a credit to the Indiana Department of Revenue. I wish her, your agency and you continued success in carrying out your responsibilities."

– **Michael G.**

The Department of Revenue continues to strive for improvements across the board in its operations. From training to customer service to electronic filing to revenue collection, the Department has continually sought out new and better ways to provide *Quality That Counts* in all it does. Below is a snapshot of some of the key Department accomplishments from FY 2011:

Collections – The Department continued to make strides in collecting delinquent taxes, particularly trust taxes. A systematic combination of collection practice changes, a commitment to optimal collection staffing levels, modification to the technology used to process data, and new legislative tools have contributed to this more effective and efficient means of collecting on delinquent tax debts. Between fiscal years 2005 and 2011, trust-tax collections have increased by 84 percent. In FY 2005, the Department collected more than \$90 million in delinquent trust taxes. In FY 2011, the Department collected more than \$166 million in delinquent trust taxes.

I-File – In FY 2011, more than 185,000 taxpayers used I-File. The program's usage increased by almost eight percent from FY 2010. This increase was marked by high satisfaction rates reported by taxpayers. In the FY 2011 annual satisfaction survey, 95 percent of those surveyed were satisfied or very satisfied with I-File.

INTax – Increased taxpayer activity and the addition of features to INTax, have driven payments up to \$3.6 billion in FY 2011 versus \$2.7 billion in FY 2010. More than 125,000 businesses use INTax, which is an increase of 46 percent since FY 2010. Businesses can manage Indiana sales and withholding taxes, prepaid sales, metered pump sales, tire fees and fuel taxes. It also provides businesses with 24/7 access to business tax records, allows a business to file and pay online right up to the last deadline minute, and saves businesses the cost and work of mailing in returns each month. In addition to business taxpayers using this free online program, tax practitioners also use the many INTax features to better serve Indiana businesses.

Customer Service – In FY 2011, the Department emphasized staffing during high-volume call times each working day, enabling taxpayers to reach an agent 85 percent of the time versus 70 percent in FY 2010. In addition, the Department's customer contact division assisted the following numbers of taxpayers in FY 2011:

- Telephone Calls: 797,985
- E-mails: 18,076
- Walk-Ins: 11,781
- Correspondence: 52,735

Taxpayer Advocate – The Department's tax advocacy office provides an avenue for the successful resolution of taxpayer problems that have not been resolved through normal channels. The advocacy office researches and resolves all hardships, offers-in-compromise and taxpayer complaints. In FY 2011, this division improved its turnaround of all cases to within 5 days instead of 10 days.

Legal – The legal division is responsible for providing an independent administrative review of taxpayer protests and assisting the Attorney General's Tax Section on those issues that have proceeded to litigation. Indiana law provides taxpayers the opportunity for an administrative review of proposed assessments and decisions denying taxpayers a refund request. During FY 2011, the legal division received, addressed, and issued written decisions resolving 656 protests. Toward the conclusion of the fiscal year, the division instituted a separate "expedited" docket in which routine protests can more quickly proceed through the administrative review process while still ensuring that the legal division continues to provide an informal, flexible and accurate response to each taxpayer's concerns.

Customer Interaction Center – In its continuing effort to provide *Quality That Counts* to taxpayers, the Department installed a new Customer Interaction Center telephone system in May 2011. To assist taxpayers in the most effective and efficient manner, the system directs each call to the agent most capable of resolving the taxpayer's issue, regardless of the agent's geographic location. In addition to offering the option to speak to an agent, the system provides self-service features that allow taxpayers to get information such as refund status, balance(s) due, and answers to frequently asked questions. This system is now in use in the majority of the Department's divisions with plans to add the 11 district offices in early 2012. With the implementation of the new system, the Department has one more tool to help make each call a positive, memorable experience.



John Eckart, Darrel Anderson , Jim Poe,
Bill Bahler, Jeff Coulter, Robert Dittmer

Commissioner John Eckart comes to Indiana government with more than 30 years of private-sector management experience. John has served in several positions of progressively responsible executive roles. He held positions as controller, vice president of finance and executive vice president in subsidiaries of Avatar Utilities and was responsible for the start-up of its service company, Consolidated Water Services. In 1993, John was named vice president of finance for Indiana American Water Company, and in 1997 was named president. American Water also elected him in 1999 as president of Ohio American Water and Michigan American Water. John holds his bachelor's degree in finance from the University of Evansville and his master's in business administration from the University of Indianapolis.

Special Tax and Support Administration Deputy Commissioner Jim Poe came to the Indiana Department of Revenue in 1976. Prior to taking on the responsibility of deputy commissioner of Special Tax and Support Administration, Jim served as the administrator of the Department's Motor Carrier Services division. In February 2006, Jim also was honored with one of the first Governor's Public Service Achievement Awards by Indiana Governor Mitch Daniels. Jim holds a bachelor's in business from Indiana State University.

Enforcement Deputy Commissioner Jeff Coulter has more than 30 years of experience as a certified public accountant specializing in audit, litigation support, forensic accounting, bankruptcy services and public-company accounting and reporting. His experience includes serving as a partner and audit and accounting director for the accounting firm of BGBC Partners of Indianapolis. Jeff holds a bachelor's in accounting and business administration from Ball State University and a CPA license.

Chief Financial Officer Darrel Anderson brings more than 25 years of business experience to the Department, specifically cost/general accounting, strategic planning, research and analysis. Before coming to the Department, Darrel served as vice president of finance for Union City Body Company and the Commercial Marketing Group of Work Horse Custom Chassis in Union City, Ind., and as managerial consultant for RHI Management Resources in Cleveland, Ohio. Darrel holds a bachelor's degree in business administration from MidAmerica Nazarene University and a master's degree in accountancy from the University of Missouri.

Public Relations Director Robert Dittmer, APR, has more than 39 years experience in public relations, marketing and management. He has served as the director of media relations for both an American government organization with responsibilities for all of Europe, as well as for NATO with responsibilities for public information management worldwide. Bob has more than 19 years experience in public relations and advertising agencies, working on a wide variety of clients in both business-to-business and business-to-consumer arenas. Bob holds a bachelor's degree in communication from John Carroll University, a master's degree in communication from Marshall University, and Accreditation from the Public Relations Society of America (PRSA).

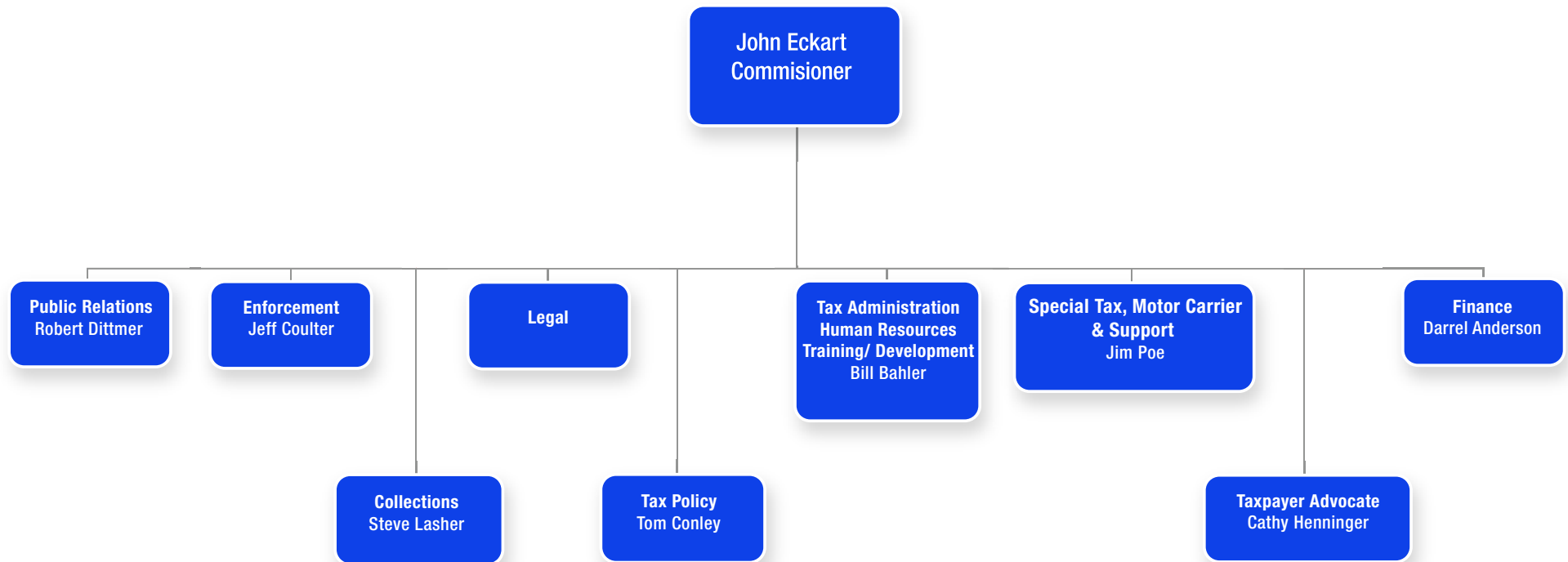
Tax Administration Deputy Commissioner Bill Bahler brings to the Department more than two decades of broad human resource experience in both public and private-sector companies. After 27 years with Sears Roebuck in executive human resource and store management, Bill branched out to hold vice president and senior-level HR positions at organizations such as American Water Company; Primetech, Inc.; H.H. Gregg Appliance, Inc.; and Sun TV and Appliances. Bill holds a bachelor's degree in industrial management from Purdue University.

What Indiana Taxpayers Have To Say

"**Pam [Zanandrea]** offered exceptional customer service. She was very patient, efficient, knowledgeable and dedicated to my questions and challenges. She went above and beyond to assist me, taking my calls and following up. She definitely gives the Department of Revenue a good name and reputation!"

– **Michelle C.**

DEPARTMENT ORGANIZATIONAL STRUCTURE



As part of the Department's ongoing commitment to providing *Quality That Counts*, it recognizes employees throughout the year who exemplify quality performance, whether through saving taxpayers money, finding more efficient and effective ways to do the day-to-day work of the Department, or going above and beyond in assisting taxpayers in resolving tax issues.

In FY 2011, the Department recognized the following employees with the *Quality That Counts* award:

Quality That Counts Spotlights



Patrick Gallagher

When Advocate Specialist Patrick Gallagher noticed that the Taxpayer Advocate Office (TAO) was seeing an increase in the number of phone calls and that they all seemed to be about the same issue, he began investigating. Most of the calls seemed to center on taxpayers not receiving a notice for payment (either in the form of a notice of tax due or as a payment plan letter).

When Gallagher first looked into the issue, he found that the Department's processing program showed that the notices and/or payment plan coupons had been mailed to the taxpayers. At this point, Gallagher could have assumed that the taxpayers were wrong and that the processing program was right. Instead, he demonstrated the kind of customer service the Department always strives to provide and continued investigating the discrepancy. Gallagher gathered several examples of the issue and took them to his supervisor, who agreed that the problem warranted further

investigation. When the issue was brought to the attention of the Department's information technology division, it was discovered that the taxpayers were in fact correct and the notices had not been mailed. At this point, people from several divisions in the Department pulled together to get the issue resolved—fixing the disconnect in the processing program, mailing the notices, etc.

Gallagher's willingness to take the initiative and his customer-focused approach when dealing with this issue are a great example of *Quality That Counts*.

When some INtax users had inadvertently had their bank accounts debited twice for the same payment, Elaine Honan noticed the problem on the first day that it occurred. She immediately began researching the issue.

After ensuring that the customer contact areas were properly briefed on the issue, she then began working with the Department's information technology division and the bank. They were able to reverse the debit transactions within mere days of the duplicate debits being made and addressed any fees taxpayers incurred due to the withdrawals from their accounts. Honan's work helped eliminate the need for a manual fix to each taxpayer's account. And the quickness with which this all was accomplished helped to significantly reduce the number of taxpayers affected.

Honan's diligence and focus on customer service helped ensure a satisfactory resolution to this problem.



Elaine Honan

Providing valuable services and education is a priority for the Department. Each year the Department seeks out taxpayer feedback as a primary means of discerning taxpayer education and information needs. The Department seeks taxpayer input through surveys, focus groups, web feedback, social media forums, e-mail and the Department's public annual meeting in June.

Here are some of the many services and education opportunities the Department provides:

- **Social Media Outreach** – The Department continues to use the social media tools Facebook and Twitter as a means to reach out to individual and business taxpayers as well as organizations interested in tax updates, general information and special tax news. In addition, these tools allow the public to submit general questions, feedback and comments for consideration. In FY 2011, Facebook fans increased by 200 percent while Twitter followers increased by more than 60 percent. Taxpayers are encouraged to become fans of the Department's Facebook page at www.facebook.com (search for "Indiana Department of Revenue") or to follow the Department on Twitter at www.twitter.com/INDeptofRevenue.
- **New and Small Business Education Center (www.smallbiz.in.gov)** – This site offers new and small business owners a full range of resources, including videos, downloadable forms, frequently asked questions and information to help them register and close a business with the Department of Revenue as well as properly file their Indiana business taxes.
- **Latino Outreach** – The Department has been working diligently to continue its Latino outreach by hosting a Spanish-language website (www.impuestos.in.gov), hosting a Spanish-language tax blog, writing articles for Spanish publications throughout the state, translating forms and tax booklets into Spanish and hiring three full-time bilingual employees to provide assistance to Spanish-speaking taxpayers.
- **Workshops/Seminars** – The Department conducted workshops and seminars throughout the year for various segments of the public, including several seminars offered to the tax schools of Indiana University and Purdue University. This was in addition to providing information and tax-training handbooks to Volunteer Income Tax Assistance volunteers and AARP Tax-Aide that provide free tax preparation for disabled and low- to moderate-income taxpayers.

What Indiana Taxpayers Have To Say

"I just wanted to send you an e-mail to thank you for once again representing the Indiana Department of Revenue so well in your presentation at our Southern Indiana Tax Symposium on Tuesday. I've received a great deal of positive feedback from those in attendance regarding your presentation. You always are able to connect with your audience, and it's obvious that they respond positively to you. Your professionalism and mastery of your material really enhanced the event. Thanks again, **Debbie [Grammer]**, for helping to make this event a success."

– **Carol B.**

- **StartPoint: Commercial Motor Vehicle Center** (www.startpoint.dor.in.gov) – With StartPoint, a new motor carrier customer can now learn a little bit about each motor carrier area, including International Registration Plan (IRP), Oversize/Overweight (OSW), Fuel Tax and Indiana Motor Carrier Fuel Tax License (MCFT), International Fuel Tax Agreement (IFTA), Commercial Driver's License (CDL), United States Department of Transportation Number (USDOT) and Unified Carrier Registration (UCR). Features of StartPoint include
 - Key terms linked throughout the center to a central key terms web page to help simplify the complex terminology
 - Downloadable checklists with action steps for each motor carrier area
 - Easy navigation with a table of contents, next and back buttons and access to all the key terms throughout the center
 - Additional resources to keep new users on the right track after they have gone through StartPoint
 - Downloadable Commercial Motor Vehicle Guidebook to get more detailed information about each motor carrier area
 - Simplified and easy-to-understand content
- **Automatic Updates** – Because of the importance of receiving vital information in a timely manner, the State of Indiana offers GovDelivery's E-mail and Digital Subscription Management service. This tool makes it much easier for taxpayers to get the information they want and need.

Once registered, the service sends the subscriber an e-mail whenever the Department updates its website. When an update has occurred on the *Tax Talk Blog*, departmental notices, the New and Small Business Education Center, the Spanish site, *Tax Dispatch* and more, the subscriber will receive a message.

Those interested in registering can visit the Department's home page at www.in.gov/dor and click the link under the left-side navigation bar. The system will then guide the subscriber through the steps for registration.

Sign up to receive
e-mail and wireless
updates from DOR



During FY 2011, the training and development division provided training and training materials to cover the following:

Development of Customized Training for Frontline Employees:

- | | |
|-------------------------------|---------------|
| • Address validation training | 460 employees |
| • Registrants training | 26 employees |
| • 4-Step process training | 292 employees |

Continuing Education: Agency-wide Training

- | | |
|--|---------------|
| • Word and Excel training | 7 employees |
| • De-escalation skills training | 200 employees |
| • Sexual harassment training | 597 employees |
| • Confidentiality and security training (IRUA) | 57 employees |
| • Foundation customer service skills training | 336 employees |

Other Agency Employees

The Department's training division also provided training and training materials during FY 2011 to approximately 300 state employees from Indiana Department of Transportation and Indiana Housing and Community Development Authority. This training covered customer service skills, personal accountability and de-escalation skills.

What Indiana Taxpayers Have To Say

"Calling prior to my visit was very helpful. And everyone [at MCS] was very friendly and professional. Thanks for the outstanding service!"

– John G.

Desk Audit Division

The Department created a desk audit division in 2009. This division continues to play an increasingly important role in the Department's tax compliance and enforcement programs.

Besides improving the Department's efficiency and processing time, desk audit's Refund and Utility Refund Claim processing has been able to reduce refund claims by \$3.8 million in FY 2011. Refund claims and Utility Sales Tax Exemption Applications (ST-200s) are initially reviewed within one week of receipt. Claims that warrant additional information and review can then quickly be evaluated and referred to a skilled analyst or to the desk audit team to perform additional procedures. This not only allows the taxpayer a timely turnaround time, but also reduces or eliminates the need to pay interest on these claims, saving the state money. It also allows field auditors to focus on the claims with the highest potential for adjustment. Furthermore, in this area, desk audit has become the Department's subject matter expert area for processing and reviewing bad debt claims, especially sales tax on installment loans. The desk audit area has been able to reduce bad debt refund claims by \$2.1 million. By consolidating expertise into one area, claims can be handled consistently, enabling the Department to provide both the taxpayer and the State with excellent service.

The desk audit area also uses information from other agencies and sources to perform compliance examinations. Among these sources are audits performed by the IRS, BMV data, and referrals from other states. In FY 2012 additional compliance projects are planned with the goal of increasing desk audit productivity.

Refund and Utility Claim Processing

The Department has noted a substantial increase in the number of refund claims. This number is expected to continue to increase due to legislative changes that reduced the time for claiming refunds on utility claims from 36 months to 18 months. Emphasis in this area continues to improve the processing time. Claims are now processed more quickly allowing increased emphasis on more complicated claims.

Another significant change is in the Indiana Utility/Communication Sales Tax Exemption Certificate (ST-109) processing. Previously, if a name change occurred, taxpayers were required to spend significant time and money getting their name changed through the utility provider. The Department is now able to process these in most instances without requiring a name change.

What Indiana Taxpayers Have To Say



Karen Walker

"Karen [Walker] was extremely professional. She shows passion to do the job right, listens carefully and has a lot of patience to finish all the forms needed. Karen is a great example to many employees. Thanks, Karen!"

– Nadia F.

All amounts are in thousands.

Percentage change reflects increase from FY10 to FY11 unless otherwise indicated. Significant differences reflected in the tax receipts for FY06 may be due to Indiana Tax Amnesty.

Aircraft License Excise Tax

Excise tax, due at the time of registration, is determined by weight, age and type of aircraft. All excise tax is distributed to the county where the aircraft is usually located when not in use.

FY01	\$ 513.8	FY05	\$ 753.4	FY09	\$ 539.4
FY02	\$ 548.9	FY06	\$ 592.6	FY10	\$ 509.9
FY03	\$ 649.7	FY07	\$ 580.1	FY11	\$ 517.7
FY04	\$ 641.8	FY08	\$ 617.9	CHANGE	1.40%

Alcoholic Beverage Tax

Per gallon rates are as follows: beer, \$0.115; liquor/wine (21 percent alcohol or more), \$2.68; wine (less than 21 percent alcohol), \$0.47; mixed beverages (14 percent or less), \$0.47.

FY01	\$ 36,597.8	FY05	\$ 38,719.4	FY09	\$ 43,497.9
FY02	\$ 37,458.3	FY06	\$ 40,529.6	FY10	\$ 40,143.3
FY03	\$ 37,678.6	FY07	\$ 39,704.3	FY11	\$ 43,935.4
FY04	\$ 38,509.2	FY08	\$ 44,707.8	CHANGE	9.45%

Auto Rental Excise Tax

Rates are based on the gross retail income from the rental of a vehicle weighing less than 11,000 pounds for less than a 30-day period at a rate of 4 percent.

FY01	\$ 9,846.8	FY05	\$ 8,840.8	FY09	\$ 10,117.7
FY02	\$ 9,126.7	FY06	\$ 9,889.1	FY10	\$ 9,483.2
FY03	\$ 9,500.9	FY07	\$ 9,727.3	FY11	\$ 10,459.6
FY04	\$ 8,940.9	FY08	\$ 10,478	CHANGE	10.30%

Charity Gaming Excise Tax

Tax based on the sale of pull tabs, punchboards and tip boards to qualified organizations licensed for charity gaming at a rate of 10 percent of the wholesale price. Remitted by the licensed distributor or manufacturer (not the organization).

FY01	\$ 1,521.0	FY05	\$ 1,244.4	FY09	\$ 1,401.4
FY02	\$ 1,382.5	FY06	\$ 1,384.4	FY10	\$ 1,250.1
FY03	\$ 1,311.9	FY07	\$ 1,428.7	FY11	\$ 1,276.4
FY04	\$ 1,231.5	FY08	\$ 1,250.4	CHANGE	2.10%

Type II Gaming (Taverns)

An excise tax is imposed on the distribution of gambling games in the amount of 10 percent of the price paid by the retailer that purchases the games. The entity distributing the pull tabs, punchboards, or tip boards is liable for the tax.

FY00	-----	FY04	-----	FY09	\$ 285.10
FY01	-----	FY05	-----	FY10	\$ 354.1
FY02	-----	FY06	-----	FY11	\$ 396.9
FY03	-----	FY07	-----	CHANGE	12.10%

Cigarette/Other Tobacco Tax

Levied against cartons or packs of cigarettes and cigarette papers, wrappers and tubes at the following rates: pack of 20 cigarettes, \$0.995; pack of 25 cigarettes, \$1.24375; other tobacco products, 24 percent of wholesale price.

FY01	\$ 120,827.4	FY05	\$ 343,077.9	FY09	\$ 505,724.0
FY02	\$ 123,214.8	FY06	\$ 355,525.0	FY10	\$ 482,042.6
FY03	\$ 352,375.1	FY07	\$ 367,632.4	FY11	\$ 478,612.9
FY04	\$ 338,715.7	FY08	\$ 525,282.4	CHANGE	-0.71%

Controlled Substance Excise Tax (in thousands)

Imposes a tax on illegally delivered, manufactured or possessed controlled substances. (Prescription pharmaceuticals are exempt.) Tax based on the weight and schedule of substance. Rates vary from \$3.50 to \$40 per gram. Once paid, a taxpayer who can remain anonymous is given a receipt for the tax, which is valid for three days. The payment of this tax does not legalize the controlled substance or the activity associated with it.

FY01	\$ 86.5	FY05	\$ 30.4	FY09	\$ 0.1
FY02	\$ 44.4	FY06	\$ 352.6	FY10	\$ 0.2
FY03	\$ 82.5	FY07	\$ 53.5	FY11	\$ 0.0
FY04	\$ 33.9	FY08	\$ 167.6	CHANGE	-100.00%

Corporate Adjusted Gross Income Tax

The adjusted gross income tax was increased from 3.4 percent to 8.5 percent on Jan. 1, 2003.

FY01	\$ 842,546.3	FY05	\$ 608,370.0	FY09	\$ 541,300.3
FY02	\$ 687,877.6	FY06	\$ 796,118.2	FY10	\$ 370,046.0
FY03	\$ 307,178.8	FY07	\$ 746,392.9	FY11	\$ 486,767.4
FY04	\$ 443,078.0	FY08	\$ 661,217.4	CHANGE	31.54%

County Adjusted Gross Income Tax (CAGIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which imposes the tax. Rates vary. (A county may adopt either the County Adjusted Gross Income Tax or the County Option Income Tax, but not both.)

FY01	\$ 308,062.2	FY05	\$ 338,871.6	FY09	\$ 497,681.9
FY02	\$ 343,479.4	FY06	\$ 388,450.7	FY10	\$ 528,167.2
FY03	\$ 321,835.7	FY07	\$ 428,978.0	FY11	\$ 473,890.8
FY04	\$ 343,586.3	FY08	\$ 440,191.1	CHANGE	-10.28%

County Economic Development Income Tax (CEDIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which imposes the tax. Rates vary.

FY01	\$ 140,547.2	FY05	\$ 159,007.6	FY09	\$ 294,876.5
FY02	\$ 160,225.3	FY06	\$ 238,804.3	FY10	\$ 293,441.5
FY03	\$ 146,937.1	FY07	\$ 254,053.8	FY11	\$ 257,756.2
FY04	\$ 172,682.2	FY08	\$ 257,289.3	CHANGE	-12.16%

County Innkeepers Tax (CIT)

Tax determined locally on the gross income derived from lodging income. Tax may be collected either by the Department or locally through the county treasurer's office.

FY01	\$ 24,073.7	FY05	\$ 26,120.3	FY09	\$ 37,554.3
FY02	\$ 22,586.8	FY06	\$ 36,357.7	FY10	\$ 37,596.2
FY03	\$ 24,043.4	FY07	\$ 37,940.7	FY11	\$ 42,443.9
FY04	\$ 24,410.5	FY08	\$ 42,488.7	CHANGE	12.89%

County Option Income Tax (COIT)

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which imposes the tax. Rates vary. (A county may adopt the County Option Income Tax or the County Adjusted Gross Income Tax, but not both.)

FY01	\$ 437,437.3	FY05	\$ 401,887.5	FY09	\$ 791,217.4
FY02	\$ 497,555.7	FY06	\$ 492,320.2	FY10	\$ 779,635.6
FY03	\$ 463,054.0	FY07	\$ 524,919.6	FY11	\$ 695,221.6
FY04	\$ 424,603.1	FY08	\$ 664,023.6	CHANGE	-10.83%

Estate Tax (in thousands)

Based on the difference between the state death tax credit allowed at the federal level and the amount paid in state inheritance tax. Federal estate tax credit for state calculations was phased out in 2005, resulting in the reduction in Indiana estate tax paid.

FY01	\$ 28,936.1	FY05	\$ 2,085.2	FY09	\$ 0.00
FY02	\$ 17,979.7	FY06	\$ (68.5)	FY10	\$ 16.7
FY03	\$ 32,264.5	FY07	\$ (32.2)	FY11	\$ 10.8
FY04	\$ 7,732.4	FY08	\$ 62.6	CHANGE	-35.52%

Financial Institutions Tax

Based on the federal adjusted gross income at a rate of 8.5 percent for businesses which are engaged in extending credit, leasing (when it is the economic equivalent of extending credit) or credit card operations.

FY01	\$ 55,594.3	FY05	\$ 91,977.7	FY09	\$ 97,028.7
FY02	\$ 63,644.4	FY06	\$ 87,229.7	FY10	\$ 71,231.8
FY03	\$ 123,444.4	FY07	\$ 76,355.5	FY11	\$ 55,559.8
FY04	\$ 79,608.6	FY08	\$ 64,063.8	CHANGE	-22.00%

Food and Beverage Tax

Tax determined locally for purchases of food and beverages for immediate consumption at a rate of 1 percent of retail sales price. Marion County's rate is 2 percent.

FY01	\$ 26,438.9	FY05	\$ 30,370.8	FY09	\$ 61,282.40
FY02	\$ 27,859.6	FY06	\$ 54,266.2	FY10	\$ 64,803.5
FY03	\$ 27,842.3	FY07	\$ 62,596.3	FY11	\$ 67,435.3
FY04	\$ 29,550.2	FY08	\$ 63,975.7	CHANGE	4.06%

Gasoline Tax

The gasoline tax is \$.18 per gallon for all invoiced gallons of gasoline collected by the licensed distributor and added to the selling price.

FY01	\$ 493,684.2	FY05	\$ 579,675.0	FY09	\$ 535,851.3
FY02	\$ 480,808.9	FY06	\$ 570,490.2	FY10	\$ 540,317.9
FY03	\$ 518,295.6	FY07	\$ 570,628.7	FY11	\$ 543,037.9
FY04	\$ 582,610.7	FY08	\$ 554,041.4	CHANGE	0.50%

Hazardous Waste Disposal Tax

Based on the amount of hazardous waste placed in a disposal facility or by means of underground injection at a rate of \$11.50 per ton, paid by the generator of the waste.

FY01	\$ 1,542.5	FY05	\$ 3,281.3	FY09	\$ 1,088.6
FY02	\$ 1,304.5	FY06	\$ 3,178.9	FY10	\$ 794.6
FY03	\$ 1,122.6	FY07	\$ 2,251.2	FY11	\$ 1,023.8
FY04	\$ 1,219.2	FY08	\$ 1,378.0	CHANGE	28.84%

Individual Adjusted Gross Income Tax

Based on the federal adjusted gross income with numerous adjustments for individual residents, partners, stockholders in S corporations, trusts, estates and nonresidents with Indiana income sources at a rate of 3.4 percent.

FY01	\$ 3,779,805.4	FY05	\$ 4,213,210.2	FY09	\$ 4,305,075.4
FY02	\$ 3,540,819.1	FY06	\$ 4,381,548.1	FY10	\$ 3,864,240.4
FY03	\$ 3,644,159.4	FY07	\$ 4,580,441.2	FY11	\$ 4,583,977.7
FY04	\$ 3,807,860.9	FY08	\$ 4,825,692.6	CHANGE	18.63%

Inheritance Tax

Based on the taxpayer class (transferee's relationship to deceased), property's taxable value, residency status, and location of real and tangible property and intangible property.

FY01	\$ 134,748.2	FY05	\$ 150,315.5	FY09	\$ 185,661.3
FY02	\$ 123,905.6	FY06	\$ 148,976.6	FY10	\$ 133,173.1
FY03	\$ 165,710.5	FY07	\$ 150,322.2	FY11	\$ 148,664.0
FY04	\$ 132,262.8	FY08	\$ 165,518.7	CHANGE	11.63%

Marion County Admissions Tax

Specific to the RCA Dome, Victory Field and Conseco Fieldhouse in Indianapolis for any event at a rate of 6 percent of the admission price (does not include events sponsored by education institutions, religious or charitable organizations.)

FY01	\$ 4,527.7	FY05	\$ 5,212.6	FY09	\$ 7,017.00
FY02	\$ 4,247.0	FY06	\$ 6,273.3	FY10	\$ 7,598.7
FY03	\$ 4,457.0	FY07	\$ 6,689.6	FY11	\$ 7,144.0
FY04	\$ 5,041.8	FY08	\$ 6,491.9	CHANGE	-5.98%

Marion County Supplemental Auto Rental Excise Tax

Based on the gross retail income from the rental of passenger motor vehicles and trucks in Marion County for less than a 30-day period at a rate of 4 percent. Revenue from the tax is paid to the Capital Improvement Board of Managers.

FY01	\$ 1,883.7	FY05	\$ 1,941.3	FY09	\$ 3,929.7
FY02	\$ 1,950.4	FY06	\$ 3,319.7	FY10	\$ 3,831.1
FY03	\$ 1,772.5	FY07	\$ 4,126.0	FY11	\$ 4,136.3
FY04	\$ 1,827.3	FY08	\$ 4,599.9	CHANGE	7.97%

Motor Carrier Fuel Tax

Per gallon rate of \$0.16 for all motor fuel used by commercial motor carriers operating on Indiana highways.

FY01	\$ 3,727.0	FY05	\$ 6,034.3	FY09	\$ 1,827.4
FY02	\$ 5,068.7	FY06	\$ 3,481.2	FY10	\$ 2,063.7
FY03	\$ 5,186.2	FY07	\$ 3,295.0	FY11	\$ 1,624.4
FY04	\$ 6,759.4	FY08	\$ 1,395.2	CHANGE	-21.29%

Motor Carrier Surcharge Tax

Per gallon rate of \$0.11 for all motor fuel used by commercial motor carriers operating on Indiana highways.

FY01	\$ 91,891.2	FY05	\$ 84,280.2	FY09	\$ 87,798.6
FY02	\$ 79,466.6	FY06	\$ 91,040.2	FY10	\$ 76,875.6
FY03	\$ 79,540.8	FY07	\$ 100,613.0	FY11	\$ 87,739.0
FY04	\$ 85,343.2	FY08	\$ 91,756.8	CHANGE	14.13%

Motor Vehicle Excise Tax

Specific compliance program authorized by statute aimed at locating vehicles owned by Indiana residents and registered illegally out of state, thus avoiding state vehicle excise tax. Based on the age and class of vehicle, plus penalty and interest for the time period vehicle is illegally registered. (Except for this program, motor vehicle excise tax is otherwise collected by the Bureau of Motor Vehicles.)

FY01	\$ 20.4	FY05	\$ 148.6	FY09	\$ 3.30
FY02	\$ 14.1	FY06	\$ 175.1	FY10	\$ 2.4
FY03	\$ 10.9	FY07	\$ 31.3	FY11	\$ 3.9
FY04	\$ 11.2	FY08	\$ 9.9	CHANGE	63.76%

Pari-Mutual Wagering Tax

A 2-percent levy is imposed on the total amount of money wagered on online races and simulcasts conducted at a permit holder's racetrack. The tax is 2.5 percent of the total amount of money wagered on simulcasts from satellite facilities.

FY01	\$ 3,534.3	FY05	\$ 4,515.1	FY09	\$ 3,623.3
FY02	\$ 3,537.4	FY06	\$ 4,398.8	FY10	\$ 4,909.0
FY03	\$ 3,744.8	FY07	\$ 4,188.3	FY11	\$ 2,985.2
FY04	\$ 4,154.2	FY08	\$ 4,077.0	CHANGE	-39.19%

Petroleum Severance Tax

Levied against producers or owners of crude oil or natural gas and imposed at the time these products are removed from the ground at a rate equal to the greater of either 1 percent of the petroleum value, or \$0.03 per 1,000 cubic feet for natural gas and \$0.24 per barrel of oil.

FY01	\$ 565.3	FY05	\$ 928.8	FY09	\$ 1,475.3
FY02	\$ 579.8	FY06	\$ 1,161.4	FY10	\$ 1,425.7
FY03	\$ 517.2	FY07	\$ 1,153.2	FY11	\$ 1,825.4
FY04	\$ 557.5	FY08	\$ 1,680.4	CHANGE	28.03%

Public Utility Tax (Railroad Car Companies/Railroads)

Based each year on assessments by the Indiana Department of Local Government Finance on the indefinite location distributable property of a railroad company that provides service within a commuter transportation district.

FY01	\$ 8,586.6	FY05	\$ 3,281.8	FY09	\$ 5,397.2
FY02	\$ 5,020.5	FY06	\$ 4,255.1	FY10	\$ 4,485.3
FY03	\$ 5,815.5	FY07	\$ 4,540.8	FY11	\$ 5,164.3
FY04	\$ 3,596.9	FY08	\$ 5,250.4	CHANGE	15.14%

Riverboat Admissions Tax

Specific to any licensed riverboat on Indiana waterways at a rate of \$3 per person admitted.

FY01	\$ 118,630.0	FY05	\$ 80,926.2	FY09	\$ 78,859.5
FY02	\$ 127,769.1	FY06	\$ 81,095.2	FY10	\$ 81,479.4
FY03	\$ 80,553.4	FY07	\$ 83,758.3	FY11	\$ 77,227.1
FY04	\$ 80,684.6	FY08	\$ 79,837.4	CHANGE	-5.22%

Riverboat Wagering Tax

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5 percent is levied against its adjusted gross receipts (total wagers, less payouts, less uncollected gaming receivables). If the boat has implemented flexible scheduling, the tax rate is graduated and ranges from 15 percent to 35 percent, depending on the adjusted gross receipts.

FY01	\$ 349,092.0	FY05	\$ 709,573.2	FY09	\$ 688,230.0
FY02	\$ 381,814.2	FY06	\$ 718,082.3	FY10	\$ 678,127.0
FY03	\$ 586,437.0	FY07	\$ 763,913.0	FY11	\$ 656,934.6
FY04	\$ 679,482.9	FY08	\$ 730,404.4	CHANGE	-3.13%

Sales and Use Tax

Seven percent on purchases of tangible personal property, public utility service and some rental transactions, which is collected at the retail level.

FY01	\$ 3,723,138.6	FY05	\$ 5,001,048.9	FY09	\$ 6,205,636.3
FY02	\$ 3,798,489.0	FY06	\$ 5,336,782.3	FY10	\$ 5,964,190.5
FY03	\$ 4,210,262.5	FY07	\$ 5,423,496.6	FY11	\$ 6,269,735.6
FY04	\$ 4,759,445.3	FY08	\$ 5,738,830.4	CHANGE	5.12%

Special Fuel Tax

A license tax of \$0.16 per gallon imposed on all special fuel sold or used in producing or generating power for propelling motor vehicles.

FY01	\$ 151,335.7	FY05	\$ 193,127.5	FY09	\$ 162,777.4
FY02	\$ 170,308.4	FY06	\$ 196,812.7	FY10	\$ 167,332.1
FY03	\$ 172,712.6	FY07	\$ 196,209.4	FY11	\$ 178,161.8
FY04	\$ 183,826.1	FY08	\$ 199,688.4	CHANGE	6.47%

Utility Receipts Tax

The Utility Receipts Tax is 1.4-percent on gross receipts from retail utility sales. (**NOTE:** Fiscal Year 2003 figures include only one-half of a fiscal year.)

FY01	-----	FY05	\$ 170,814.6	FY09	\$ 230,661.00
FY02	-----	FY06	\$ 206,380.1	FY10	\$ 190,494.7
FY03	\$ 75,907.7	FY07	\$ 200,305.0	FY11	\$ 199,072.3
FY04	\$ 167,401.1	FY08	\$ 215,332.6	CHANGE	4.50%

Utility Services Use Tax

The utility services use tax is an excise tax imposed on the retail consumption of utility services in Indiana. The rate is 1.4 percent and is imposed if the utility service provider is not subject to the utility receipts tax.

FY01	-----	FY05	-----	FY09	\$ 13,944.2
FY02	-----	FY06	-----	FY10	\$ 8,492.6
FY03	-----	FY07	\$ 9,405.8	FY11	\$ 9,495.6
FY04	-----	FY08	\$ 12,917.7	CHANGE	11.81%

Miscellaneous Fees:

Aircraft Registration Fee

All Indiana aircraft are required to be registered with the aeronautics section of the tax administration division, where an annual \$10 registration/transfer fee is collected. An additional fee of \$20 or 20-percent (whichever is greater) of any unpaid excise tax is charged on all late registrations. There is also an annual aircraft dealers fee of \$25.

FY01	\$ 118.9	FY05	\$ 100.5	FY09	\$ 78.6
FY02	\$ 94.5	FY06	\$ 76.9	FY10	\$ 74.1
FY03	\$ 76.5	FY07	\$ 74.8	FY11	\$ 74.6
FY04	\$ 75.1	FY08	\$ 87.0	CHANGE	0.65%

Employment Agency Licensing Fee

A person, firm or corporation opening, operating or maintaining an employment agency must pay an annual \$150 fee for each license.

FY01	\$ 54.5	FY05	\$ 51.5	FY09	\$ 38.70
FY02	\$ 57.9	FY06	\$ 35.4	FY10	\$ 30.5
FY03	\$ 49.7	FY07	\$ 42.5	FY11	\$ 24.8
FY04	\$ 43.8	FY08	\$ 39.6	CHANGE	-18.85%

Enhanced Prepaid Wireless Telecommunication Fee

Fee collected by seller of prepaid wireless telecommunication service to another person. The fee is \$.25 per retail transaction and supports wireless 911 service.

FY01	-----	FY05	-----	FY09	-----
FY02	-----	FY06	-----	FY10	-----
FY03	-----	FY07	-----	FY11	\$ 2,098.4
FY04	-----	FY08	-----	CHANGE	N/A

Fireworks Public Safety Fee

A fee of 5 percent of the retail price of fireworks sold in Indiana.

FY01	-----	FY05	-----	FY09	\$ 2,493.6
FY02	-----	FY06	-----	FY10	\$ 2,405.3
FY03	-----	FY07	\$ 2,434.5	FY11	\$ 2,578.9
FY04	-----	FY08	\$ 2,558.7	CHANGE	7.22%

Hazardous Chemical Fee

An annual fee is imposed on a facility which must submit to the state an emergency and hazardous chemical inventory form. Fees are \$50, \$100 or \$200, depending on the volume of hazardous chemicals present at the facility during the year.

FY01	\$ 511.3	FY05	\$ 689.3	FY09	\$ 544.1
FY02	\$ 573.4	FY06	\$ 588.5	FY10	\$ 364.3
FY03	\$ 581.7	FY07	\$ 513.8	FY11	\$ 511.0
FY04	\$ 662.0	FY08	\$ 564.2	CHANGE	40.27%

International Registration Plan (IRP) Licensing Fee

Licensing fee for motor carriers based on miles driven in specific jurisdictions.

FY01	\$ 76,728.7	FY05	\$ 95,593.6	FY09	\$ 84,782.4
FY02	\$ 80,293.7	FY06	\$ 88,147.4	FY10	\$ 83,148.2
FY03	\$ 82,395.1	FY07	\$ 87,799.9	FY11	\$ 89,598.7
FY04	\$ 86,454.0	FY08	\$ 90,181.2	CHANGE	7.76%

Oversize /Overweight Permit Fee

Various categories of permits for motor carriers that are issued for different periods of time, based upon a vehicle's specific dimension and/or size and the travel activity. Fees can range from \$10 to more than \$400.

FY01	\$ 12,358.6	FY05	\$ 12,090.5	FY09	\$ 13,377.1
FY02	\$ 11,849.5	FY06	\$ 13,001.5	FY10	\$ 12,367.1
FY03	\$ 11,041.1	FY07	\$ 10,907.3	FY11	\$ 13,391.9
FY04	\$ 11,498.9	FY08	\$ 15,475.1	CHANGE	8.29%

Solid Waste Management Fee

Imposed on the disposal or incineration of solid waste in a final disposal facility within the state at a rate of \$0.50 per ton of waste generated in the state minus the fee actually charged for the disposal or incineration of the solid waste by the owner or operator of the final disposal facility.

FY01	\$ 4,318.0	FY05	\$ 5,173.2	FY09	\$ 5,073.2
FY02	\$ 4,320.3	FY06	\$ 5,309.8	FY10	\$ 5,093.9
FY03	\$ 4,002.8	FY07	\$ 5,207.0	FY11	\$ 5,195.5
FY04	\$ 4,358.6	FY08	\$ 4,858.6	CHANGE	1.99%

Underground Storage Tank Fee

An annual fee of \$200 per tank is imposed on owners of underground storage tanks. In addition, there is an annual registration fee of \$90 for each underground petroleum storage tank, and \$45 for each underground storage tank containing regulated substances other than petroleum.

FY01	\$ 32,467.5	FY05	\$ 29,396.5	FY09	\$ 50,883.00
FY02	\$ 24,306.6	FY06	\$ 50,454.5	FY10	\$ 48,091.4
FY03	\$ 35,992.1	FY07	\$ 51,212.5	FY11	\$ 47,449.9
FY04	\$ 32,065.1	FY08	\$ 52,990.7	CHANGE	-1.33%

Waste Tire Management Fee

A \$0.25 tire fee is assessed on each new tire sold at the retail level and each new tire mounted on a vehicle at the time a vehicle is sold. It is imposed on tires for self-propelled motor vehicles only.

FY01	\$ 911.8	FY05	\$ 1,860.0	FY09	\$ 1,516.9
FY02	\$ 613.8	FY06	\$ 1,261.4	FY10	\$ 1,347.5
FY03	\$ 1,079.3	FY07	\$ 1,768.2	FY11	\$ 1,352.8
FY04	\$ 1,612.0	FY08	\$ 1,512.8	CHANGE	0.39%

Returns Processing

The vast majority of returns and forms sent to the Department each year are prepared correctly, and the Department has been able to process them using the latest technology available. The Department annually receives in excess of 4.2 million documents and an additional 2.5 million W-2 forms to be processed. Some of those items are received with incomplete information or no basic information from the taxpayer (such as checks without an accompanying coupon). It then becomes the Department's responsibility to determine what to do with the information or money it has received. The Department strives each year to process returns and checks more efficiently and accurately.

To do this, the Department works to gain the mutual cooperation of Indiana taxpayers and their preparers to help identify where they can eliminate errors before they get to the Department. The agency also is committed to identifying and resolving internal flaws that result in filing and processing errors.

The following is a list of the most common filing errors found in the tax-filing process:

Duplication of filing

Duplicate filing usually occurs when a taxpayer files a return electronically and then sends the Department a paper copy of the return, along with the payment or as an informational return. After this duplicate filing is identified, an employee must go into the system to mark the second filing as "information only" to ensure accuracy.

Calculation errors

When a calculation error is detected, the Department system flags the return. An employee must then review the return and determine whether the error is truly a calculation error; is a problem with how the information was interpreted in the data-capture process; or was placed on an incorrect form line, which can cause the columns on the tax return to total incorrectly. After the error has been determined and corrected, the return posts properly.

Claiming credits incorrectly

Credit commonly is claimed even when they cannot be substantiated or the proper documentation is not included with the return. This causes the credit to be denied; otherwise, an employee must contact the taxpayer to get the information.

What Indiana Taxpayers Have To Say

"Everyone in the IRP and CDL areas is very friendly and professional. They always provide excellent service."

– George M.

Failure to complete a tax return or filing

When returns are received lacking all the necessary information, including all W-2s, schedules, required attachments and documentation, the return is processed with only the information provided or is delayed. This can cause any deductions and/or credits not verified to be denied and could result in a reduced refund or possible notice of tax due. The Department then sends the taxpayer a letter explaining the reason for the denial or reduction.

Use of non-Departmental payment coupons

The Department provides taxpayers with automation-friendly coupons, according to tax type, for many of the taxes due to the State of Indiana. These coupons are preprinted with information such as the taxpayer's name, the account number, the tax type and the period for which the coupon is being filed. The information about the taxpayer is included in the scan line at the bottom of the coupon. The automation-friendly equipment used to process the document and money then reads the information from the scan line and posts the information accordingly. If these coupons are not used correctly, or are used by a taxpayer for another account number, the return and payment are posted to the incorrect account. Therefore, if a taxpayer does not have the correct documents for the account printed out of a software package or provided by the Department, the taxpayer needs to contact a Department taxpayer representative to have the coupon replaced or to receive instructions as to how the payment should be processed to ensure proper posting.

Post-filing coupons (PFC)

For the past 13 years, the Department has worked with a number of software vendors to allow taxpayers to file individual income tax returns electronically. As part of this effort between the Department and software vendors, taxpayers can file electronically as early in the year as they prefer but delay payment until the filing deadline date. Therefore, post-filing coupons (PFCs) were developed according to Department standards so that automation-friendly coupons could be generated from software packages at home or by the tax preparer. This practice has become widespread during the past 13 years, but with that success has come one distinct problem: The scan line printed from the software is not printed in OCR-A Extended font. The user can download this font, or the software vendor can embed it into the form. However, this must be done so that the Department can read the information correctly to ensure accuracy. This is an issue for all payment vouchers, but it is most common on the PFCs because of the high volume received and the wider variety of printers owned by individual taxpayers.

What Indiana Taxpayers Have To Say



LuAnn Pelsor

"I would like to call your attention to an example of going above and beyond the call of duty. There were a number of e-mails in this matter in which opposing counsel requested a breakdown of the amount at issue, and each time **LuAnn Pelsor** would go the extra mile and provide the requested information. LuAnn took the time and initiative to provide a detailed analysis. LuAnn's assistance shed a positive reflection on the Department as well as this office, and I wish to thank her for her fine work."

**– Lynne Hammer,
Deputy Attorney General**

Nonstandard printing of forms

Efficient and accurate capturing of data from returns and payment vouchers requires consistent printing of forms. Data is captured using a template of each form that indicates where each piece of information can be found. The default print option on many taxpayers' printers causes the forms to print in a smaller area than what is intended. If a form is printed using any type of resizing (shrinking of the image), the OCR/ICR process might not read the form correctly. Data might be captured from the wrong field or not captured at all. When such errors occur, manual keying by Department personnel is required to correct them.

Reporting errors

Reporting errors occur on virtually every type of tax return, including, but not limited to, income, sales, fuel, cigarette and motor carrier tax types. Typical errors include, but are not limited to, unsigned forms, lack of an identifying account number, the wrong form or form revision, missing schedules or W-2 forms, lack of documentation, duplication of a credit or deduction and failure to calculate county tax. These errors can result in the form being returned to the taxpayer, a representative from the Department contacting the customer, a bill being sent for the amount of perceived tax due and the inability to post the return or payment properly.

Unidentified checks

Each year the Department receives thousands of checks without an accompanying support document. These checks might or might not have a return, coupon, or note attached. The Department then must contact the taxpayer to determine where the check should be applied. If the customer cannot be located, the Department must then research the situation to determine how to apply the check. The Department also has a number of customers who file their returns through INtax but send a paper check instead of paying via one of the Internet payment options. Any time a payment is received without a return, there is an opportunity for the Department to incorrectly post the payment.

Onion skin W-2 forms

The use of onion skin W-2 forms by employers has created a number of problems for the Department in processing both the WH-3s and W-2s submitted by employers and individuals. The Department processes both types of returns through an imaging process. The onion skin W-2 forms, because they are so thin, do not image well and, in a number of cases, the print is completely washed out. When the image of the document is presented to be captured, it appears that there is no information on the form. Therefore, nothing is reported and the system may reduce the withholding by the amount that could not be read on the image.

What Indiana Taxpayers Have To Say

"Amanda Cassidy has been extremely kind, easy to talk with and helpful. Both issues were resolved at each visit. I caught her after 4 p.m. both days, and her personality was A+."

– Patrick R.

Multiple returns filed with one check, or one return filed with multiple checks

Both of these instances cause the return(s) and check(s) to be taken out of the automated processing system and require manual processing, which can cause delays in posting the payment(s) and return(s) to the proper accounts. In the event that one check is received with multiple returns for different accounts, it is highly likely that the check could be applied with the first return to create an overpayment situation for that account and billings (including penalty and interest) for all of the subsequent accounts. When this happens, it takes a great deal of work on the part of the Department employee and the customer(s) to resolve the problem.

WH-3 and W-2 forms

Legislation requires any withholding agent who completes more than 25 W-2 forms to submit them electronically through INTax. While this legislative mandate has reduced the number of documents the Department has to key in or image, there are still a number of issues with those received by the Department. Many WH-3s sent to the Department cannot be processed because they do not have W-2 forms attached, do not have account numbers (TID), do not have a barcode on the form, or incomplete W-2 forms are attached.

There are also those businesses that, despite the new law, still mail in their WH-3 with more than 25 W-2 forms attached. The Department has to then contact the taxpayers and have them resubmit their WH-3 electronically.

Filing of the incorrect tax form

Filing the incorrect tax form also causes delays. If taxpayers live the entire year in a state that has a reciprocal agreement with Indiana (Kentucky, Michigan, Ohio, Pennsylvania and Wisconsin), and the only source of Indiana income was wages, then they should use Form IT-40RNR. If the taxpayer is in the military, received gambling winnings from Indiana or is not a resident of one of the five reciprocal states, then he or she must file an IT-40PNR.

The Audit Division Statistical Study addresses the requirements set forth by IC 6-8.1-14-4 (2). The information is based on 100 percent of the audits completed and taxpayers assisted during FY 2011.

See [Page 36](#) for an index of exhibits and charts included.

Taxpayers served in district offices

Taxpayer assistance is available in all 12 district offices. Each office has a taxpayer assistance supervisor and assistant taxpayer assistance supervisor who perform taxpayer-service functions, as well as other office -support responsibilities. Each office has at least one field representative who performs collection functions in the district. Additional contract employees are available throughout the year to support taxpayer assistance as needed.

The "Taxpayer Assistance Report-Fiscal Year 2011" ([Exhibit A](#)) provides the number of taxpayers assisted (in person and by telephone) and the amount of money collected and assessed in each district office through the taxpayer-assistance program. During fiscal year 2011, district offices assisted 142,153 taxpayers in person and 159,881 taxpayers through telephone contact. The district offices served 302,034 taxpayers.

The Merrillville district office served 25,315 taxpayers in person, while the South Bend district office served 19,788 taxpayers in person. These were the highest numbers of taxpayers served in person among the district offices, totaling 34 percent of total taxpayers served in the district offices.

The Bloomington district office served 23,805 taxpayers by telephone, while the Merrillville district office served 20,918 taxpayers by telephone. These were the highest numbers of telephone contacts among the district offices, totaling 28 percent of total taxpayer telephone contacts. The Merrillville district office served a total of 46,233 taxpayers by telephone and walk-in assistance, while the Bloomington office served 35,802 taxpayers by telephone and walk-in assistance.

Sales/use tax violations

For audits conducted in FY 2011, the most frequently violated sales and use tax rule was 45 IAC 2.2-3-20. Rule 3-20 states that if the seller has tangible personal property for use, consumption, or storage in Indiana and fails to collect the appropriate tax, the purchaser of the property must remit tax directly to the Department. This rule accounted for 844 sales and use tax violations (17 percent) in FY 2011. For audits conducted in FY 2010, Rule 3-20 accounted for the most violations with 1,092 (19 percent). For audits conducted in FY 2009, Rule 3-20 accounted for the most violations with 1,180 (21 percent). Thus, this violation is trending downwards.

The second most violated sales and use tax rule in FY 2011 was 45 IAC 2.2-3-4. Rule 3-4 imposes use tax on tangible personal property, purchased in Indiana or elsewhere, in a retail transaction and stored, used or otherwise consumed in Indiana unless the Indiana state gross retail tax (sales tax) has been collected at the point of purchase. This rule accounted for 680 sales and use tax violations (14 percent) in FY 2011. In FY 2010 and FY 2009, Rule 3-4 also accounted for the second most violations with 823 (15 percent) and 848 (15 percent), respectively.

The third most violated sales and use rule for FY 2011 was 45 IAC 2.2-5-8. Rule 5-8 clarifies sales and use tax by providing examples of taxable and nontaxable purchases of manufacturing machinery, tools and equipment used in direct production and other activities. This rule accounted for 566 sales and use tax violations (12 percent) in FY 2011. In FY 2010 and FY 2009, Rule 5-8 also accounted for the third most violations with 650 (12 percent) and 573 (10 percent), respectively.

Adjusted gross income tax violations

In FY 2011, the most frequently violated adjusted gross income tax rule was Rule 45 IAC 3.1-1-9. Rule 1-9 provides for the allowance of a corporate net operating loss deduction and defines its computation. This rule accounted for 42 violations of the adjusted gross income tax violations (10 percent) in FY 2011. In FY 2010, Rule 45 IAC 3.1-1-8 accounted for the most violations with 47 (13 percent). This rule defines adjusted gross income for corporations as established in Section 63 of the Internal Revenue Code, with modifications required for Indiana. In FY 2009, Rule IAC 3.1-1-2 accounted for the most violations with 89 (18 percent). This rule defines adjusted gross income for individuals as established in Section 61 of the Internal Revenue Code.

The second most frequently violated adjusted gross income tax rule in FY 2011 was 45 IAC 3.1-1-2. Rule 1-2 accounted for 39 adjusted gross income tax violations (9 percent) in FY 2011. In FY 2010, Rule 45 IAC 3.1-1-1 accounted for the second most violations with 46 (13 percent). In FY 2009, Rule 1-97 accounted for the second most violations with 57 (13 percent).

The third most frequently violated adjusted gross income tax rule in FY 2011 was 45 IAC 3.1-1-8. Rule 1-8 accounted for 38 adjusted gross income tax violations (9 percent) in FY 2011. In FY 2010, 45 IAC 3.1-1-2 and 45 IAC 3.1-1-97 were the third most frequently violated rules; each accounted for 43 violations (12 percent). In FY 2009, Rule 1-8 accounted for the third most violations with 66 (13 percent).

What Indiana Taxpayers Have To Say

"Michelle [Leech] came highly recommended, and for good reason. She was professional and polite. As a resident of Indiana, I am proud to have the business of our state conducted at this level of professionalism. Michelle does her job well."

– Kevin B.

Financial institutions tax violations

In FY 2011, the most frequently violated financial institutions tax statutes were IC 6-5.5-2-1, IC 6-5.5-4-9, and IC 6-5.5-5-2, with each accounting for 2 violations. These statutes accounted for more than 50 percent of all violations of the financial institutions tax statutes. For FY 2010, Rule 45 IAC 17-3-1 was the most frequently violated administrative rule, with 3 (33 percent). In FY 2009, Rule 45 IAC 17-3-6 accounted for the most violations with 8 (36 percent). This rule defines the calculation of the financial institutions tax for taxpayers filing a combined return.

For FY 2011, 5 other statutes/rules each had 1 violation. In FY 2010, the second most frequently violated adjusted gross income tax rule was 45 IAC 17-3-6 with 2 (22 percent). In FY 2009, Rule 45 IAC 17-3-1 accounted for the second most violations with 4 (18 percent).

Amounts of tax assessed

[Exhibits C, D, E and F](#) display the amount of assessments (refunds) of the sales tax, adjusted gross income tax, special taxes and various miscellaneous administrative rules of the Indiana code respectively. "Total assessments" for any tax type represent gross assessments less amounts refunded.

What Indiana Taxpayers Have To Say



Anthony Tobias

"I am extremely grateful for your patience, assistance and consideration. You **[Anthony Tobias]** and the other staff members with whom I spoke were always courteous, professional and willing to answer my questions. I can say that I have not had a better experience ever when dealing with a branch of state or local government. I hope that IDOR realizes what assets you and your fellow employees and supervisors are."

– Joseph H.

The amount assessed or refunded for each of the most frequent violations and the percentage of the amount to total net assessments are as follows:

Sales/Use Tax—Exhibit C

	Amount Assessed	Percentage of All Assessments
45 IAC 2.2-3-4	\$8,933,256	18.55%
45 IAC 2.2-4-26	\$8,503,098	17.65%
45 IAC 2.2-5-8	\$6,906,690	14.34%

Adjusted Gross Income Tax—Exhibit D

	Amount Assessed	Percentage of All Assessments
45 IAC 3.1-1-29	\$18,324,604	36%
45 IAC 3.1-1-8	\$18,316,685	36%
45 IAC 3.1-1-62 (IC 6-3-2-2)	\$17,230,471	28%

Financial Institutions Tax—Included in Exhibit D with Adjusted Gross Income

	Amount Assessed	Percentage of All Assessments
45 IAC 17-3-1	\$16,735,053	82.38%
Remaining Rules	\$3,579,150	17.62%

Special Tax—Exhibit E

	Amount Assessed	Percentage of All Assessments
IFTA R800	\$540,373	22.33%

Utility Receipts Tax—Included in Exhibit F with Miscellaneous

	Amount Assessed	Percentage of All Assessments
IC 6-2.3-1-13	\$1,738,513	90.50%
Remaining Rules	\$1,008,654	9.50%

Industry /business most frequently in violation

▪ Sales and use tax

For the FY 2011 reporting period, taxpayers engaged in wholesale, retail and transportation businesses accounted for the most violations of the sales and use tax rules. This group accounted for 1,244 violations (25 percent). The most frequently violated rule by this group of taxpayers was 45 IAC 2.2-3-20 with 331 violations. Rule 3-20 states that if a seller of tangible personal property for storage, use or consumption in Indiana fails to collect the appropriate tax, the purchaser of such property must remit tax directly to the Department.

The second largest number of sales and use tax violations was committed by taxpayers engaged in mining, oil and gas extraction, and construction. This group committed 1,150 violations (23 percent) in FY 2011. The most frequently violated rule of this group was 45 IAC 2.2-4-26 with 126 violations. Rule 4-26 defines the application of sales and use tax to contractors. Utilities, machinery, tools, forms supplies, equipment or any other items used or consumed by the contractor and which do not become part of the improvement to real estate are not exempt for sales and use tax purposes.

▪ Adjusted gross income tax

For the FY 2011 reporting period, taxpayers engaged in business activities such as debt-finance, rental of real estate, investment and passive income of exempt organizations, rental of personal property and other miscellaneous activities accounted for the most violations of the adjusted gross income tax rules. This group accounted for 161 violations (36 percent). The rule most frequently violated by this group was 45 IAC 3.1-1-2 with 36 violations. Rule 1-2 defines gross income for individuals.

The second largest number of adjusted gross income tax violations was committed by taxpayers engaged in wholesale, retail and transportation activities. This group committed 81 violations (18 percent) in FY 2011. The rule most frequently violated by this group was 45 IAC 3.1-1-8 with 11 violations. Rule -1-8 defines adjusted gross income for corporations.

[Exhibit D](#) illustrates the tax dollar changes related to adjusted gross income tax rule violations, segregated by industry. The financial institutions tax (FIT), which is comparable to the adjusted gross income tax but applies only to the banking and loan industry, also is shown on this chart. FIT assessments accounted for approximately \$20,000,000 of the total corporate income taxes assessed in FY 2011.

Special tax violations

Article VIII of the International Fuel Tax Agreement (IFTA) was the most frequently violated special tax item in the study for FY 2011. It specifies that the taxable event is the consumption of motor fuels in the propulsion of qualified motor vehicles, except fuel consumed that is exempt from taxation by a jurisdiction. All motor fuel acquired that is normally subject to consumption tax is taxable unless the licensee provides proof to the contrary. Article VIII was violated 257 times and yielded \$540,373 in net assessments for the state of Indiana. Article VIII also was the most violated special tax citation in the prior three fiscal year studies. The FY 2010 study discovered 188 violations with \$707,719 net assessments, and FY 2009 had 239 violations with \$1,066,643 net assessments.

Article X of IFTA was the second most frequently violated section of the special tax statutes in the study for FY 2011. This article discusses how taxpayers can obtain credit for tax previously paid on purchases of fuel at the pump. It also lists the records needed to substantiate the refund request. This article was violated 224 times, accounting for 23 percent of the total violations. These violations resulted in net refunds of \$43,623. Article X also had the second most violations in the FY 2010 and FY 2009. The FY 2010 study discovered 178 violations, while FY 2009 discovered 173 violations; in each year, these violations resulted in additional credits (refunds) due to taxpayers.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2011 was the wholesale, retail and transportation industries. This group committed 841 violations, accounting for more than 87 percent of the total violations. Article VIII of IFTA was most frequently violated by the wholesale, retail and transportation industries. The FY 2010 statistics also showed the wholesale, retail and transportation industries with the most violations (615), as did the FY 2009 statistics with 801.

Miscellaneous code violations

Exhibit F provides the assessment amounts that include Innkeepers' Tax, Utility Receipts Tax and other miscellaneous assessments.

Innkeepers' Tax. In FY 2011, the most violated miscellaneous code section was IC 6-9-8-2, which accounted for 10 violations (12 percent). These violations yielded \$291,469 in net assessments. IC 6-9-8-2 covers the Marion County Innkeepers' Tax on the renting or furnishing, for periods of fewer than 30 days, any lodging in any hotel, motel, inn, tourist camp, tourist cabin or any other place in which lodgings are regularly furnished for consideration. In the FY 2009 study, IC 6-8.1-4-2 accounted for 19 miscellaneous code violations (19 percent). IC 6-8.1-42 defines the audit and special tax division's powers and duties concerning any books, records or property relevant to the determination of a taxpayer's liability. In the FY 2008 study, 45 IAC 15-9-2, which discusses the statute of limitations for refunds, produced 20 miscellaneous code violations (17 percent).

Utility Receipts Tax. In FY 2010, the second most violated miscellaneous code section was IC 6-8.1-4-2, which accounted for 11 violations (17 percent). In FY 2009, 45 IAC 15-9-2 and IC 13-20-13-7 had the second most violations with 10 each (20 percent). IC 13-20-13-7 defines new replacement tire and new vehicle tire fees. In FY 2008, IC 6-2.3-2-1 had the second most violations with 8 (7 percent), resulting in \$923,337 in net assessments.

Other. The arts, entertainment, recreation, food services and accommodations industries accounted for the most miscellaneous code violations in FY 2010 with 32 violations (51 percent). The wholesale, retail and transportation industries accounted for the second most miscellaneous code violations in FY 2010 with 13 (21 percent). The wholesale, retail and transportation industries also accounted for the most miscellaneous code violations in FY 2009 with 35 violations (35 percent). The information, publishing, telecommunications, finance, rental, insurance, real estate, leasing and professional industries along with the arts, entertainment, recreation, food service and accommodations industries accounted for the second most code violations in FY 2009 with 16 violations (16 percent). The information, publishing, telecommunications, finance, rental, insurance, real estate, leasing and professional industries along with the arts, entertainment, recreation, food service and accommodations industries accounted for the most miscellaneous code violations in FY 2008 with 32 each (54 percent).

Number of Years in the Audit Period

The audit period averages three years.

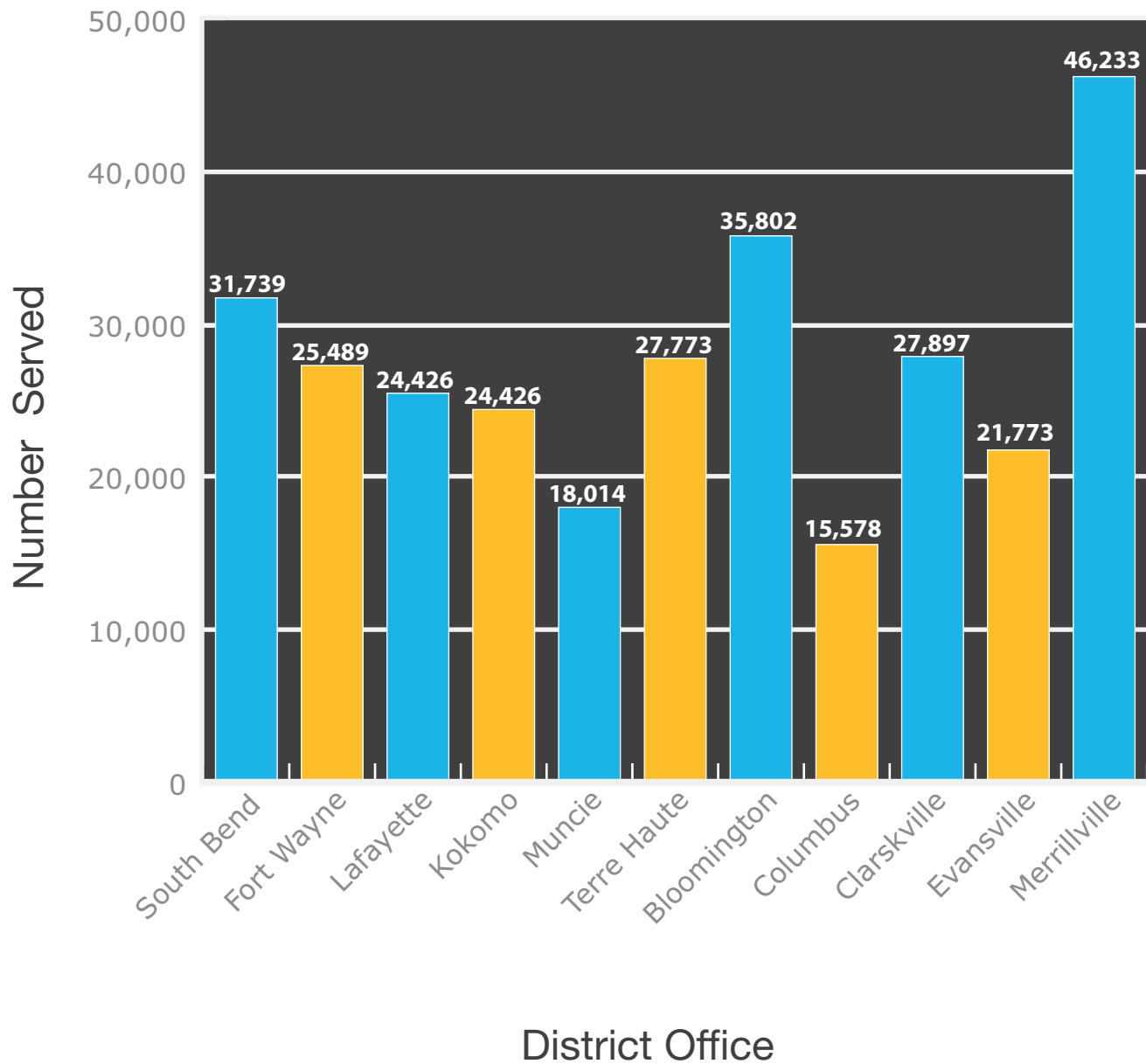
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Taxpayer Assistance Report - Fiscal Year 2011

Audit Division District Offices

	South Bend	Fort Wayne	Lafayette	Kokomo	Muncie	Terre Haute	Bloomington	Columbus	Clarksville	Evansville	Merrillville	Totals
Walk-in Assistance	19,788	7,921	11,514	14,215	8,082	7,918	11,997	11,359	14,193	9,851	25,315	142,153
Telephone Assistance	11,951	19,389	13,975	10,211	9,932	19,855	23,805	4,219	13,704	11,922	20,918	159,881
Totals	31,739	27,310	25,489	24,426	18,014	27,773	35,802	15,578	27,278	21,773	46,233	302,034
Collected/ Assessed	\$4,114,921	\$5,155,356	\$3,847,240	\$2,806,922	\$1,952,380	\$2,835,263	\$3,171,831	\$2,498,317	\$4,379,714	\$2,104,993	\$6,078,227	\$38,945,164

Taxpayers Served in District Offices



Standard Industrial Codes

The Standard Industrial Codes (SIC) used in the audit division reports and exhibits are based on the North American Industry Classification System (NAICS). Refer to the following text to explain the industry classification numbering system.

Class	Explanation
1	Agricultural; Forestry
2	Mining; Oil and Gas Extraction; Construction
3	Manufacturing
4	Wholesale; Retail; Transportation
5	Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
6	Education; Health Services
7	Arts; Entertainment; Recreation; Food Service; Accommodations
8	Repair; Personal Services; Other Services
9	Public Administration, Unrelated Business Activities

Dollars Assessed in 45 IAC Citations by Industrial Code - Sales and Use Tax Audits

Sum of Amount	SIC *									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 2.2-1-1		75,170	10,296	6,708	20,917		1,316	3,776		118,183
45 IAC 2.2-2-1	437	13,276	733	299,982	15,885	52,226	7,182	(195,908)	6,007	199,820
45 IAC 2.2-2-2		117,889	(677,191)	555,759	32,625		7,083	174,078	208	210,451
45 IAC 2.2-2-3		2,086	14	38,826			811		179	41,916
45 IAC 2.2-3-1		210								210
45 IAC 2.2-3-10								(2,266)		(2,266)
45 IAC 2.2-3-12		1,033,398	49,498	20,491	71,419			59,462	8,909	1,243,177
45 IAC 2.2-3-13		136,160	117,106	55,443	141,651	3,651	56,898	18,071		528,980
45 IAC 2.2-3-14		20		112					(548)	(416)
45 IAC 2.2-3-15		3,549	32,022	26,717	1,143	3,843		1,109	808	69,191
45 IAC 2.2-3-16		2,472	(945)							1,527
45 IAC 2.2-3-18	2,334	10,278	329	4,108	89,087					106,136
45 IAC 2.2-3-2				13,005						13,005
45 IAC 2.2-3-20	18,155	218,586	358,142	(4,616,239)	1,103,374	178,291	529,458	193,877	177,074	(1,839,282)
45 IAC 2.2-3-22				13,918						13,918
45 IAC 2.2-3-24		260,254		3,374				653,182	1,737	918,547
45 IAC 2.2-3-27		15,524	8,578	25,079	4,844	5,443	40,958	2,357	3,776	106,559
45 IAC 2.2-3-29		287								287
45 IAC 2.2-3-3									51,401	51,401
45 IAC 2.2-3-4	78,818	1,501,821	1,879,747	1,963,888	1,107,608	642,122	1,032,741	520,403	206,108	8,933,256
45 IAC 2.2-3-5		6,123	1,544	2,209,509				4,788		2,221,964
45 IAC 2.2-3-7		33,300								33,300
45 IAC 2.2-3-8		195,032	1,842				23			196,897
45 IAC 2.2-3-9		627,062	(1,127)	223,933	7,596		3,812	3,415	918	865,609
45 IAC 2.2-4-1	9	237,487	618,054	907,261	80,360	4,767	10,897	412,073	10,076	2,280,984
45 IAC 2.2-4-11		428,218		362					182	428,762
45 IAC 2.2-4-13		7,061	(684,156)	(34,596)	(9,846)		(11,417)	(8,453)		(741,407)
45 IAC 2.2-4-14				63,338	1,704					65,042
45 IAC 2.2-4-16							3,056			3,056
45 IAC 2.2-4-2	(556)	26,354	5,475	2,574,026	84,017	1,678	6,760	50,827	180	2,748,761
45 IAC 2.2-4-21		10,052	8,336	6,908				18,768		44,064
45 IAC 2.2-4-22	(5,692)	367,242	(28,938)	20,004	8,576		(28,177)	86	63,899	397,000
45 IAC 2.2-4-23		(5,674)	(11,550)							(17,224)
45 IAC 2.2-4-25		24,568							201	24,769
45 IAC 2.2-4-26	(315,749)	1,238,316		7,536,674	22,780		3,843	16,207	1,027	8,503,098
45 IAC 2.2-4-27	7,723	225,420	278,849	119,284	38,640	11,139	9,940	12,123	10,143	713,261
45 IAC 2.2-4-29									11,741	11,741
45 IAC 2.2-4-3		15,994	7,928	11,750	887		96	4	103	36,762
45 IAC 2.2-4-30									329	329

*For SIC explanation, see [page 39](#).

**To view the citation, visit www.state.in.us/legislative/iac/title45.html.

Dollars Assessed in 45 IAC Citations by Industrial Code - Sales and Use Tax Audits (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 2.2-4-4		(319)		(29,404)				(551)		(30,274)
45 IAC 2.2-4-6				1,084						1,084
45 IAC 2.2-4-8	9	684	108	8,225	15,328		423,020			447,374
45 IAC 2.2-4-9		(2,496)	1,298	265			26,535	181	24	25,807
45 IAC 2.2-5-10			142,869	(4,943)			2,854	2,841	1,960	145,581
45 IAC 2.2-5-12		11,450	(55,177)	(15,309)		134,732	(2,646)			73,050
45 IAC 2.2-5-13	4,017					1,728				5,745
45 IAC 2.2-5-14		(4,180)	(5,117)	(23,186)			(7,374)		(153)	(40,010)
45 IAC 2.2-5-15	(79)	(60,447)	13,112	31,980	(12,586)		36,196	(4,053)	22	4,145
45 IAC 2.2-5-16		168	128,885	(6,749)			(2,005)	(59)	(146)	120,094
45 IAC 2.2-5-17		9,711						240,529		250,240
45 IAC 2.2-5-20					133		672	4,149		4,954
45 IAC 2.2-5-24							11,874			11,874
45 IAC 2.2-5-26	479	21,618	12,743	68,067	21,973	6,317	2,831	307	131	134,466
45 IAC 2.2-5-27								7,492		7,492
45 IAC 2.2-5-28						(353)				(353)
45 IAC 2.2-5-3	10,267								1,428	11,695
45 IAC 2.2-5-33						(7,381)				(7,381)
45 IAC 2.2-5-35							(2,283)			(2,283)
45 IAC 2.2-5-36				51,539	24,467	264,153		846,694		1,186,853
45 IAC 2.2-5-38							(11,591)			(11,591)
45 IAC 2.2-5-39			(40)		(2)		(7,678)			(7,720)
45 IAC 2.2-5-4	9,970	3,172							1,674	14,816
45 IAC 2.2-5-40		65	153	96,740				107		97,065
45 IAC 2.2-5-41					53		123			176
45 IAC 2.2-5-42			219	21,898			2,214			24,331
45 IAC 2.2-5-43		855	1,515		144		142,692			145,206
45 IAC 2.2-5-45			1,498				279,444		16,498	297,440
45 IAC 2.2-5-54		(432)			6,961					6,529
45 IAC 2.2-5-55							149,412	1,053		150,465
45 IAC 2.2-5-6	34,734			121,524						156,258
45 IAC 2.2-5-61		17,743	1,422	(4,327)						14,838
45 IAC 2.2-5-67				10,884						10,884
45 IAC 2.2-5-8	105,872	811,541	7,872,827	401,042	315,305		148,011	(2,771,468)	23,560	6,906,690
45 IAC 2.2-5-9		428,910	(4,633)							424,277
45 IAC 2.2-6-1			444	50,085	28,020	317		(8,541)		70,325
45 IAC 2.2-6-12		(722)		(15,332)	(531,517)			28,761	(301,358)	(820,168)
45 IAC 2.2-6-14		(11,891)	(15,502)	3,483			2,511			(21,399)
45 IAC 2.2-6-15					72,455					72,455

*For SIC explanation, see [page 39](#).

**To view the citation, visit www.state.in.us/legislative/iac/title45.html.

Dollars Assessed in 45 IAC Citations by Industrial Code - Sales and Use Tax Audits (continued)

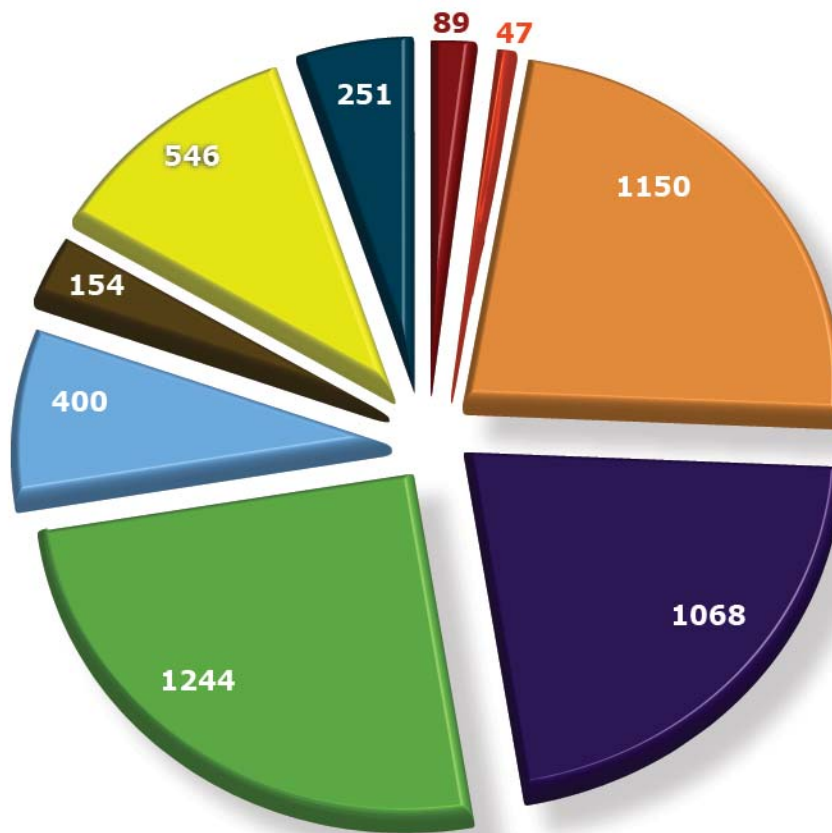
Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 2.2-6-4			(55,046)							(55,046)
45 IAC 2.2-6-8	1,548	37,004	70,469	1,829,996	174,475	3,577	414,301	140,467	(1,188)	2,670,649
45 IAC 2.2-7-2				4,661						4,661
45 IAC 2.2-7-7				1,430,584						1,430,584
45 IAC 2.2-8-10		27,559								27,559
45 IAC 2.2-8-12	78,780	154,242	465,493	3,586,829	171,015		984,644	12,337	192,239	5,645,579
45 IAC 2.2-8-5				30,887						30,887
Grand Total	31,076	8,271,770	10,552,126	19,700,147	3,109,491	1,306,250	4,269,037	438,225	489,149	48,167,271










*For SIC explanation, see [page 39](#).

**To view the citation, visit www.state.in.us/legislative/iac/title45.html.

Number of Sales and Use Tax Violations by Industry Code

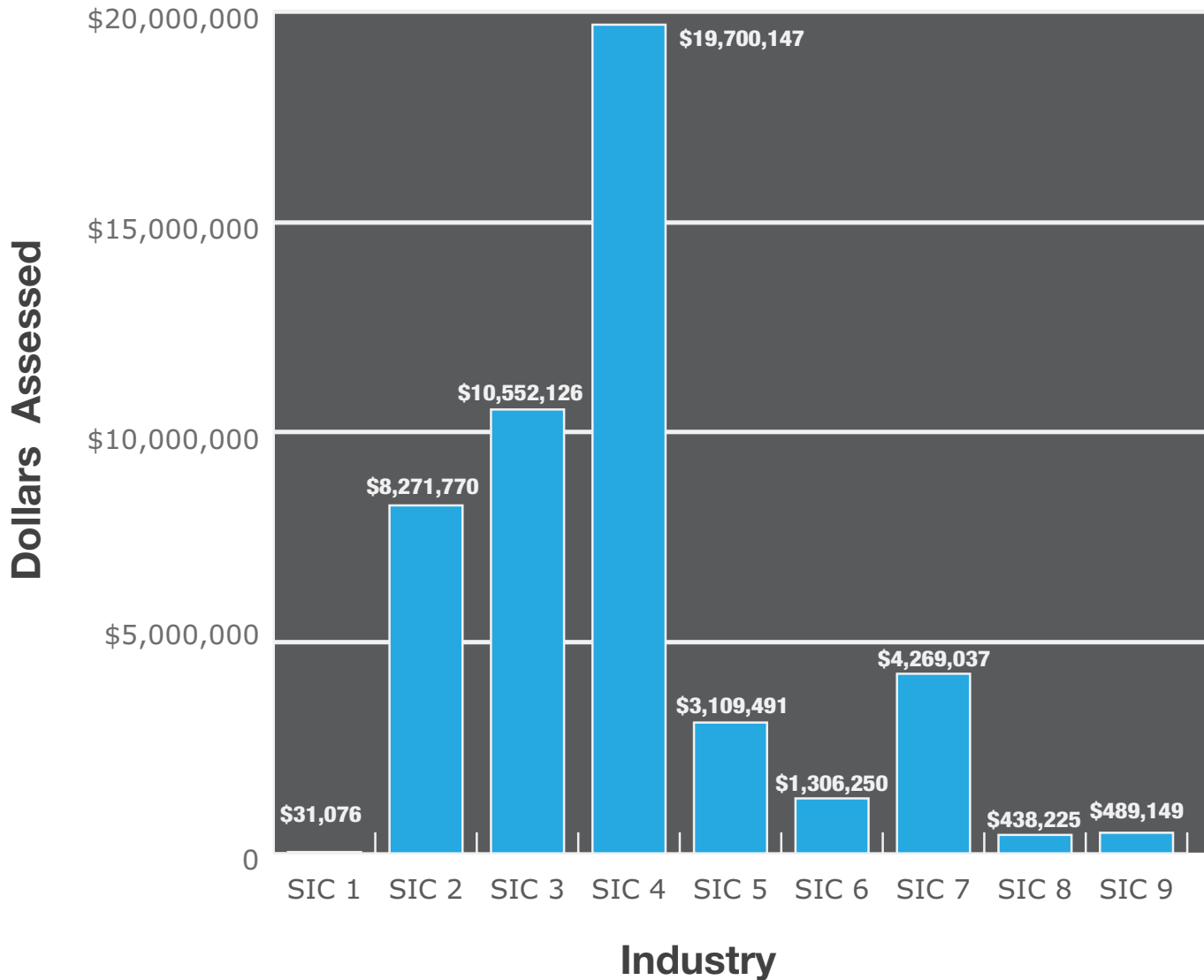
Total Violations: 4,949



- | | |
|--|---|
|  SIC 1 Agricultural; Forestry |  SIC 6 Education; Health Services |
|  SIC 2 Mining; Oil and Gas Extraction; Construction |  SIC 7 Arts; Entertainment; Recreation; Food Service; Accommodations |
|  SIC 3 Manufacturing |  SIC 8 Repair; Personal Services; Other Services |
|  SIC 4 Wholesale; Retail; Transportation |  SIC 9 Public Administration |
|  SIC 5 Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services | |

Sales and Use Tax Dollars Assessed by Industry Group

Total Dollars: \$48,167,271



For SIC explanation, see [page 39](#).

Dollars Assessed in 45 IAC Citations by Industrial Code - Adjusted Gross Income Tax

Sum of Amount	SIC *									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 3.1-1-1					79,278			2,550	308,702	390,530
45 IAC 3.1-1-10									7,364	7,364
45 IAC 3.1-1-106									15,293	15,293
45 IAC 3.1-1-107				9,684						9,684
45 IAC 3.1-1-108							41,541			41,541
45 IAC 3.1-1-109		2,215		67,539			1,398	160,000		231,152
45 IAC 3.1-1-111			37,636		(95,310)				3,949,355	3,891,681
45 IAC 3.1-1-115		173			492					665
45 IAC 3.1-1-153			228,863							228,863
45 IAC 3.1-1-19				(4,855)						(4,855)
45 IAC 3.1-1-2	35,128			3,205			1,548		212,689	252,570
45 IAC 3.1-1-25				6,439						6,439
45 IAC 3.1-1-29			18,324,604							18,324,604
45 IAC 3.1-1-3				1,330					5,676	7,006
45 IAC 3.1-1-34				296,179						296,179
45 IAC 3.1-1-37					20,248					20,248
45 IAC 3.1-1-38			(7,429,600)							(7,429,600)
45 IAC 3.1-1-39		(18,491)							(535,447)	(553,938)
45 IAC 3.1-1-40					60,579	777				61,356
45 IAC 3.1-1-45		27,622								27,622
45 IAC 3.1-1-47				2,928						2,928
45 IAC 3.1-1-48				8,640	14,471					23,111
45 IAC 3.1-1-49				23,029	14,470					37,499
45 IAC 3.1-1-5				4,689				1,298	26,406	32,393
45 IAC 3.1-1-50			22,394		(4,965,905)				(7,264)	(4,950,775)
45 IAC 3.1-1-51				6,801	(1,350)				(571)	4,880
45 IAC 3.1-1-52			5,164	1,166				(2,642,390)	1,642	(2,634,418)
45 IAC 3.1-1-53			39,239	(106,750)					3,240,347	3,172,836
45 IAC 3.1-1-57			3,715							3,715
45 IAC 3.1-1-6		2,443								2,443
45 IAC 3.1-1-61			5,785							5,785
45 IAC 3.1-1-62			389,665	5,946	264,080				122,443	782,134
45 IAC 3.1-1-66									510,427	510,427

*For SIC explanation, see [page 39](#).

**To view the 45 IAC citation, visit www.state.in.us/legislative/iac/title45.html.

To view the IC citation, visit www.in.gov/legislative/ic/code.

Dollars Assessed in 45 IAC Citations by Industrial Code - Adjusted Gross Income Tax (continued)

Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 3.1-1-67									395,835	395,835
45 IAC 3.1-1-7									1,456	1,456
45 IAC 3.1-1-71									3,899	3,899
45 IAC 3.1-1-8	34,681	5,529	1,118,114	142,420	16,924,674	7,054	45,382		38,831	18,316,685
45 IAC 3.1-1-9	(3,154)	2,742	(644,542)	(1,592,192)	(19,784)	17,665	(24,639)	11,897	(1,072,421)	(3,324,428)
45 IAC 3.1-1-94			13,276	32,107	107,735				20,567	173,685
45 IAC 3.1-1-97	16,261	17,017	36,226	16,566	22,683		24,027	62,808	10,983	206,571
45 IAC 3.1-3-1		1,187	4,850	4,028			2,890	571	993	14,519
45 IAC 3.1-3-3				2,419			5,380		310	8,109
45 IAC 3.1-3-7			7,329		(2,468)					4,861
45 IAC 3.1-3-8			1,585	5,560			588		3,671	11,404
IC 6-3.1-26					(627,286)					(627,286)
IC 6-3.1-4			3,054	(63,836)	(1,529,990)					(1,590,772)
IC 6-3.1-4-1			26,969							26,969
IC 6-3.1-4-3			(207,604)							(207,604)
IC 6-3.1-4-7									22,083	22,083
IC 6-3.5-6-1				1,178						1,178
IC 6-3.5-6-20		170			974					1,144
IC 6-3.5-6-8				861						861
IC 6-3-1-3.5	12,334	9,765	(6,759)	1,034						16,374
IC 6-3-2-1				2,999					5,599	8,598
IC 6-3-2-12									136,654	136,654
IC 6-3-2-2		116,125	12,255,502	608,954	3,357,193	110,563				16,448,337
IC 6-3-2-20			(350,606)	35,517					16,943	(298,146)
IC 6-3-2-6					90,000					90,000
IC 6-3-3-10				33,261	(6,000)					27,261
IC 6-3-4-1					(5,305)					(5,305)
IC 6-3-4-12				35,298						35,298
IC 6-3-4-13				950	2,363		6,814	1,072		11,199
IC 6-3-4-8		6,085			77,648					83,733
Grand Total	95,250	172,582	23,884,859	(406,906)	13,783,490	136,059	104,929	(2,402,194)	7,442,465	42,810,534

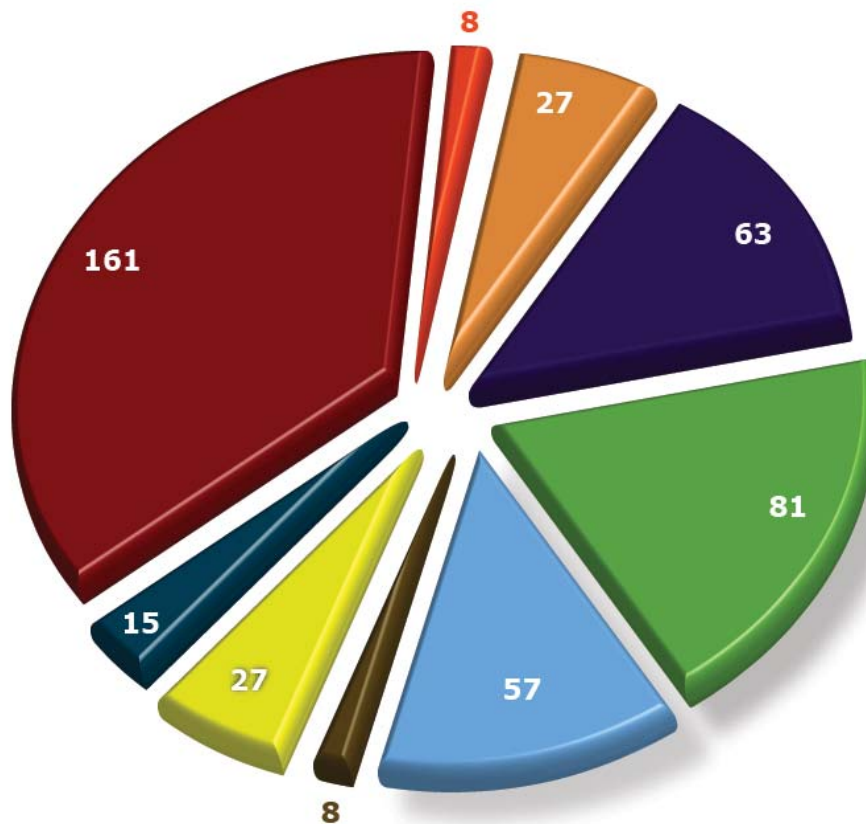
*For SIC explanation, see [page 39](#).

**To view the 45 IAC citation, visit www.state.in.us/legislative/iac/title45.html.

To view the IC citation, visit www.in.gov/legislative/ic/code.

Number of Adjusted Gross Income Tax Violations by Industry Group

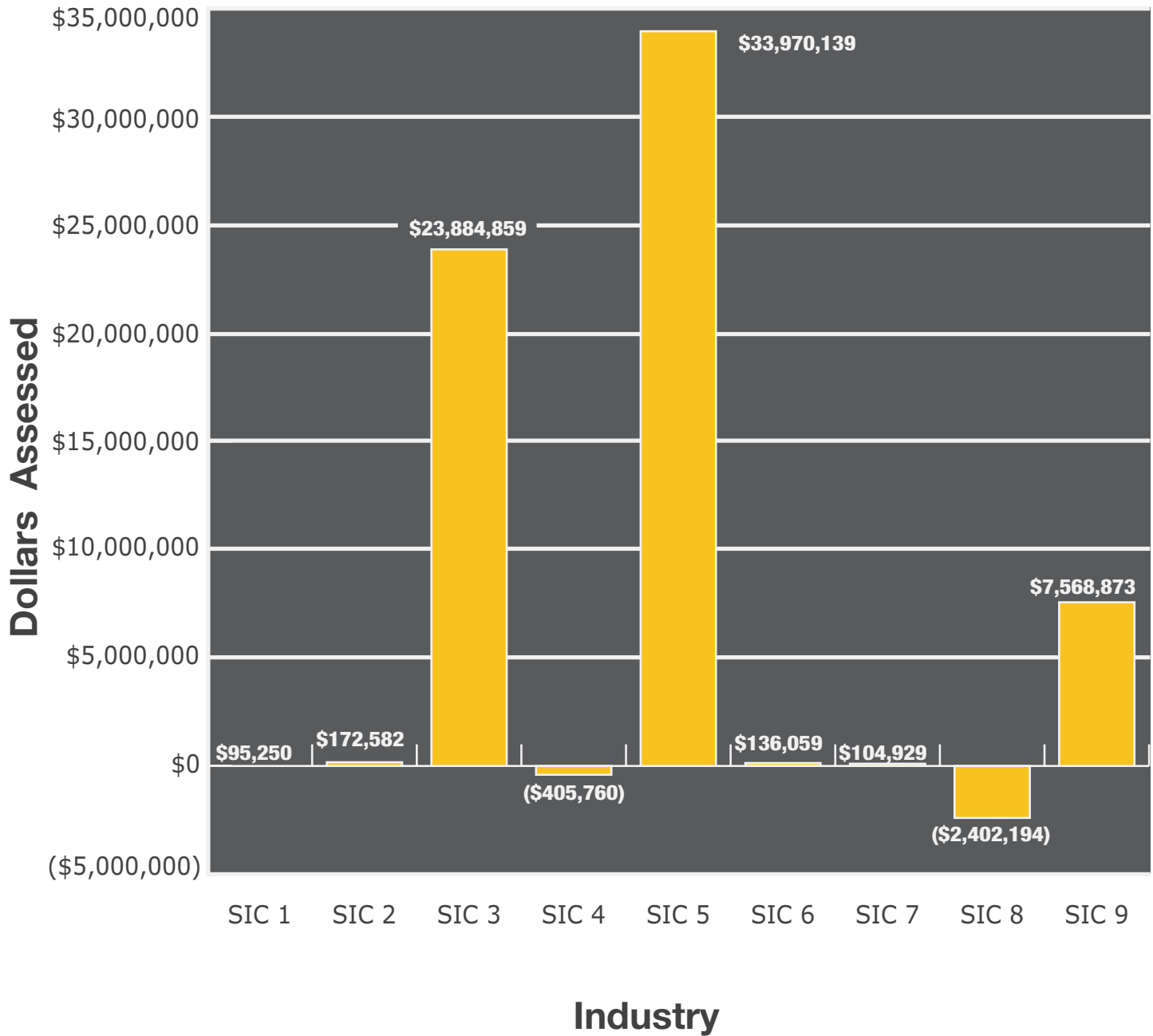
Total Violations: 447



- SIC 1 Agricultural; Forestry
- SIC 2 Mining; Oil and Gas Extraction; Construction
- SIC 3 Manufacturing
- SIC 4 Wholesale; Retail; Transportation
- SIC 5 Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6 Education; Health Services
- SIC 7 Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8 Repair; Personal Services; Other Services
- SIC 9 Public Administration

Adjusted Gross Income Tax Assessed by Industry Group

Total Dollars: \$63,124,737*

For SIC explanation, see [page 39](#).

*Total dollars assessed include Financial Institutions Tax (FIT).

Dollars Assessed in Code and Article Citations by Industrial Code - Special Tax Audits

Sum of Amount	SIC *									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
IC 6-6-5.5-8				16,968				8	1,624	18,600
IC 6-7-2-14				392,336						392,336
IC 6-7-2-5									3,026	3,026
IC 6-7-2-7				100,323					7,165	107,488
A550				405						405
IC 6-6-1.1-203									144,505	144,505
IC 6-6-1.1-504									144,505	144,505
IC 6-6-2.5-13									9,777	9,777
IC 6-6-4.1-4			2,010	(10,762)						(8,752)
IC 6-6-4.1-6			1,254	11,601					61	12,916
IC 6-6-4.1-9				13,671						13,671
IC 6-6-5.5-8	60	260	4	182,273	491				1,034	184,122
IC 6-7-1-18				1,946					51,823	53,769
IC 6-7-1-19	1,645			75,323					54,198	131,166
IC 6-7-2-12				27,766						27,766
IC 6-7-2-13				19						19
IC 6-7-2-14				24,942					4,809	29,751
IC 6-7-2-2				4,442						4,442
IC 6-7-2-6				2,591						2,591
IC 6-7-2-7	2,865			372,700					152,842	528,407
IRP Article XV-1502	111			217,672	1,484				3,529	222,796
IRP Article XVII-1700		140	(146)	(2,729)	(4)			16	1,199	(1,524)
IRP Article XXV-1502				23						23
IRP Artilce XV-1502		359								359
R1000	(336)	(837)	245	(330,791)	13,218				1,506	(316,995)
R1200				87						87
R800	868	913	(196)	540,947	(12,575)			21	10,395	540,373
XV-1500				463						463
XV-1502		22		173,687					582	174,291
XV-1700				4,960						4,960
XVII-1700			441	(5,839)					413	(4,985)
Grand Total	5,213	857	3,612	1,815,024	2,614			45	592,993	2,420,358

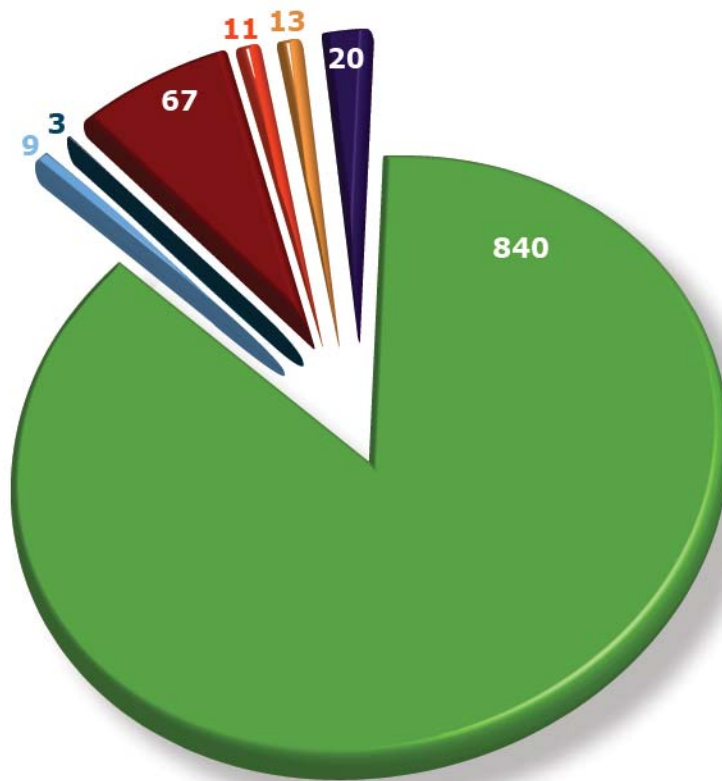
*For SIC explanation, see [page 39](#).








**To view the 45 IAC citation, visit www.state.in.us/legislative/iac/title45.html.

To view the IC citation, visit www.in.gov/legislative/ic/code.

Number of Special Tax Violations by Industry Group

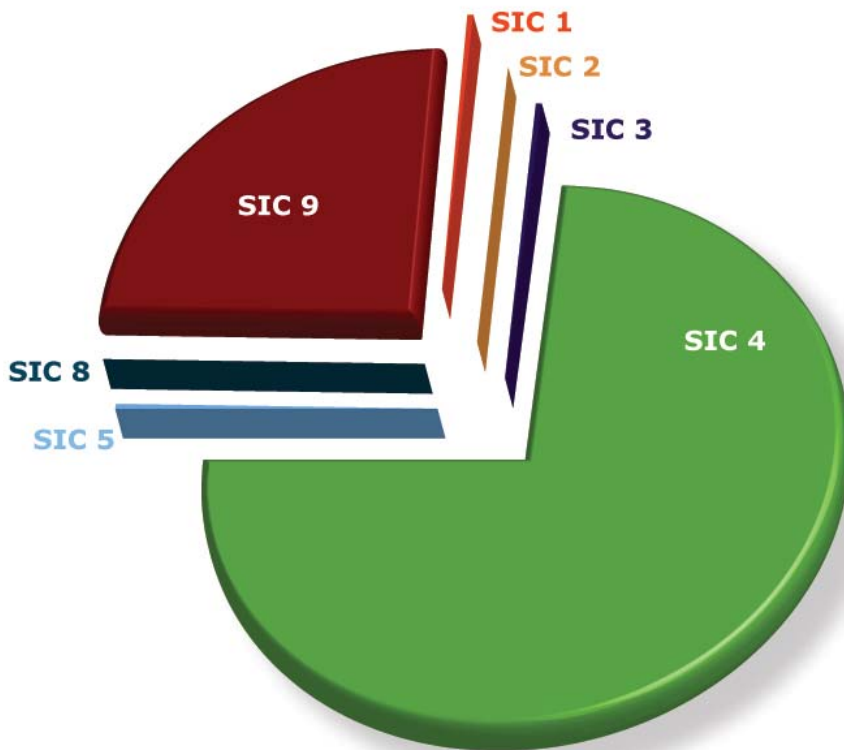
Total Violations: 963



- | | |
|---|---|
|  SIC 1 Agricultural; Forestry |  SIC 6 Education; Health Services |
|  SIC 2 Mining; Oil and Gas Extraction; Construction |  SIC 7 Arts; Entertainment; Recreation; Food Service; Accommodations |
|  SIC 3 Manufacturing |  SIC 8 Repair; Personal Services; Other Services |
|  SIC 4 Wholesale; Retail; Transportation |  SIC 9 Public Administration |
|  SIC 5 Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services | |

Special Tax Dollars Assessed by Industry Group

Total Dollars: \$2,420,358



SIC	Dollars Assessed
1	\$5,213
2	\$857
3	\$3,612
4	\$1,815,024
5	\$2,614
6	\$0
7	\$0
8	\$45
9	\$592,993

- | | |
|---|--|
|  SIC 1 Agricultural; Forestry |  SIC 6 Education; Health Services |
|  SIC 2 Mining; Oil and Gas Extraction; Construction |  SIC 7 Arts; Entertainment; Recreation; Food Service; Accommodations |
|  SIC 3 Manufacturing |  SIC 8 Repair; Personal Services; Other Services |
|  SIC 4 Wholesale; Retail; Transportation |  SIC 9 Public Administration |
|  SIC 5 Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services | |

Dollars Assessed in Code and Article Citations by Industrial Code - Miscellaneous Violations

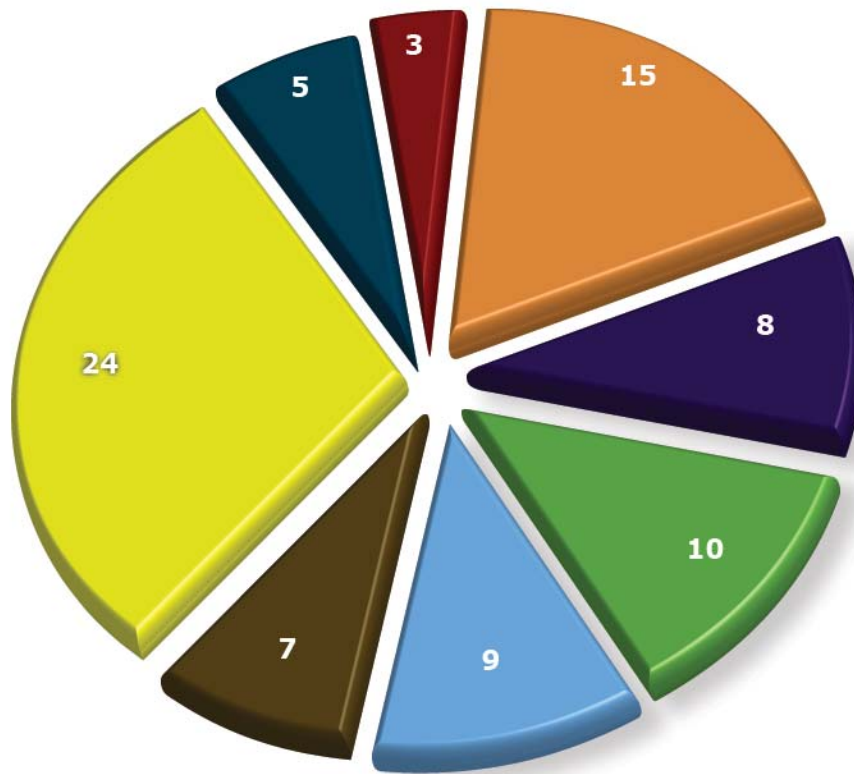
Sum of Amount	SIC*									
Citation**	1	2	3	4	5	6	7	8	9	Grand Total
45 IAC 15-5-1									4,532	4,532
45 IAC 15-9-2			(14,677)	2,229	(904,929)			(197,120)		(1,114,497)
IC 6-2.3-1-13				1,738,513	8,457					1,746,970
IC 6-2.3-1-14					(13,807)					(13,807)
IC 6-2.3-14		25,059								25,059
IC 6-2.3-1-4		5,036								5,036
IC 6-2.3-2-1		74,848	68,577				10,097		2,415	155,937
IC 6-2.3-3-10				2,580						2,580
IC 6-2.3-4-1		(442)								(442)
IC 6-2.3-4-3		(649)								(649)
IC 6-2.3-5-1		98			(82)					16
IC 6-6-9-7				4,689	1,382					6,071
IC 6-8.1-10-2.1		11,488	12,346	1,822			7,509	500		33,665
IC 6-8.1-4-2		31,184		1,753			(2,674)			30,263
IC 6-8.1-5-1		(10,000)								(10,000)
IC 6-8.1-5-2							6,027	237,809		243,836
IC 6-8.1-9-1				(199,184)	20,376					(178,808)
IC 6-9-12-3							42,931			42,931
IC 6-9-12-7							24,159			24,159
IC 6-9-20-4						1,075				1,075
IC 6-9-21-4						1,075				1,075
IC 6-9-23-4							701			701
IC 6-9-27-4						7,527				7,527
IC 6-9-3-4							8,566			8,566
IC 6-9-8-2							291,469			291,469
IC 7-7-2-7				15,497						15,497
IC 9-13-2-42				3,135						3,135
Grand Total	0	136,622	66,246	1,571,034	(888,603)	9,677	388,785	41,189	6,947	1,331,897

*For SIC explanation, see [page 39](#).

**To view the IC citation, visit www.in.gov/legislative/ic/code.

Number of Miscellaneous Code Violations by Industry Group

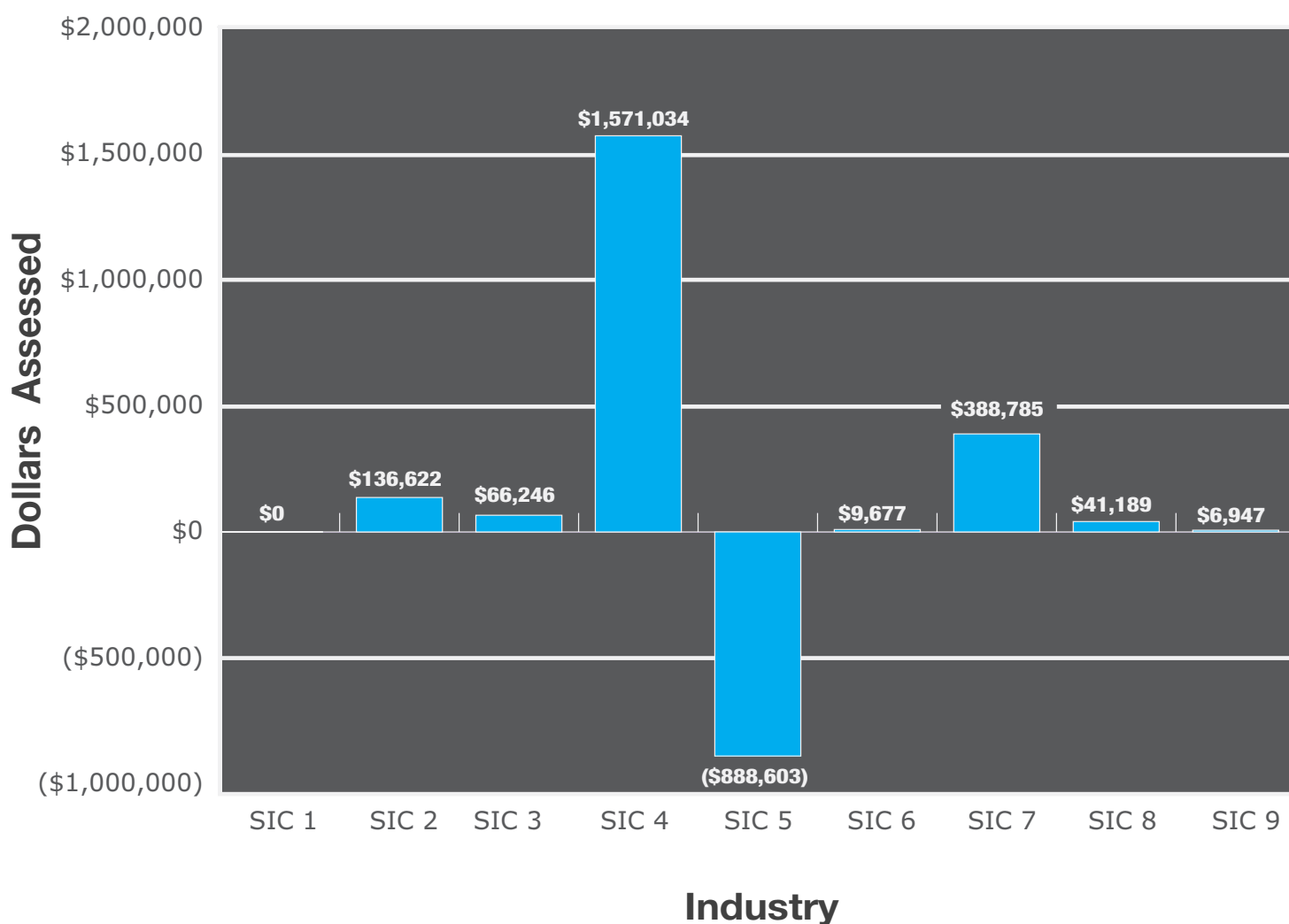
Total Violations: 81



- | | |
|---|---|
|  SIC 1 Agricultural; Forestry |  SIC 6 Education; Health Services |
|  SIC 2 Mining; Oil and Gas Extraction; Construction |  SIC 7 Arts; Entertainment; Recreation; Food Service; Accommodations |
|  SIC 3 Manufacturing |  SIC 8 Repair; Personal Services; Other Services |
|  SIC 4 Wholesale; Retail; Transportation |  SIC 9 Public Administration |
|  SIC 5 Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services | |

Miscellaneous Code Dollars Assessed by Industry Group

Total Dollars: \$1,331,897*



For SIC explanation, see [page 39](#).

*Total dollars assessed includes utility receipts tax.

This section provides recommendations for improved taxpayer compliance and Department administration during FY 2011.

2011 ENROLLED ACTS

HOUSE BILLS

HB 1001, SECTION 44, IC 4-10-22 [EFFECTIVE JANUARY 1, 2012] – Provides that if the state reserves at the end of a fiscal year exceed 10% of the general revenue appropriations for the current state fiscal year, 50% of the excess reserves shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic tax refund. To qualify for the refund, a taxpayer must have filed a resident individual income tax return for the last two years and must have paid tax to the state during the previous taxable year. The amount of the refund is determined on a pro rata basis, based on the taxpayer's portion of the total income tax liability paid by all qualifying taxpayers in the preceding year.

SECTION 80, IC 6-2.5-3-9 [EFFECTIVE JULY 1, 2011] – Provides that use tax collected from remote sellers with respect to remote sales sourced to Indiana shall be transferred to the pension stabilization fund for the amount of tax collected from remote sales that exceeds \$150,000,000 in the previous fiscal year.

SECTION 81, IC 6-2.5-3-10 [EFFECTIVE JULY 1, 2011] – Requires the Department to publish on its website information needed to communicate a person's obligation to remit use tax on purchases made where no sales tax was collected, including purchases using the Internet or a catalog.

SECTION 82, IC 6-2.5-10-1 [EFFECTIVE JULY 1, 2011] – Changes the sales tax collection percentage deposited in the state general fund from 99.178% to 99.848% and decreases the amount deposited in the public mass transportation fund from 0.67% to zero.

SECTION 83, IC 6-3-1-3.5 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Requires add-backs to the definition of Indiana adjusted gross income of several provisions that are deductible in the Internal Revenue Code. For individuals the add-backs are

- Expensing of environmental remediation costs
- Charitable distributions from an individual retirement plan
- Expenses for qualified tuition and related expenses
- Expenses of elementary and secondary school teachers
- Employer-provided education expenses
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified transportation fringe benefits that exceeds \$100 per month
- The amount of interest deducted for qualified student loans that exceeds the amount allowed prior to the enactment of P.L. 111-312
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code

- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

For corporations, life insurance companies and insurance companies, the add-backs are

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240

For trusts and estates, the add-backs are

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

Note: SECTION 296 (a NONCODE provision) provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6 and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

SECTION 84, IC 6-3-1-11 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Updates the reference to the Internal Revenue Code in the Indiana Code to be the Internal Revenue Code as it exists on January 1, 2011. The following provisions amended by Congress during 2010 are to be treated as though they had not been amended during 2010:

- Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders
- Section 871(k)(1)(c) of the Internal Revenue Code pertaining to the treatment of certain dividends of regulated investment companies
- Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment
- Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations
- Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells
- Section 451(i)(3) of the Internal Revenue Code pertaining to special rules for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities
- Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporations under foreign personal holding company rules

Note: SECTION 296 (a NONCODE provision) provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6 and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

SECTION 85, IC 6-3-2-22 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Makes a technical change to the income tax deduction for expenses related to sending children to a private school or being homeschooled.

SECTION 86, IC 6-3-4-1.5 [EFFECTIVE JULY 1, 2011] – Requires a professional preparer who files more than 50 returns in 2012 and more than 10 returns in 2013 to file the returns in an electronic format. Current law requires electronic filing if more than 100 returns is filed.

SECTION 87, IC 6-3.1-21-6 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that the calculation of the earned income tax credit is based on the federal earned income tax credit as it existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

What Indiana Taxpayers Have To Say

"The Terre Haute district office has the best customer service of any government agency our firm deals with."

– Julie F.

SECTION 94, IC 6-5.5-1-2 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Requires financial institutions to add back the following items to adjusted gross income:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

Note: SECTION 296 (a NONCODE provision) provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6 and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

SECTION 95, IC 6-7-1-28.1 [EFFECTIVE JULY 1, 2011] – Changes the distribution of the cigarette tax so that there are no funds distributed to the state retiree health benefit trust fund and an additional 5.74% is distributed to the general fund during the period from July 1, 2011 to June 30, 2013.

SECTION 96, IC 6-9-7-7 [EFFECTIVE UPON PASSAGE] – Provides that 30% of the innkeepers' tax in Tippecanoe County will be deposited in the state general fund for the period from July 1, 2015 to June 30, 2017.

SECTION 280, NONCODE [EFFECTIVE UPON PASSAGE] – Provides that the Council of State Governments is exempt from the sales tax for any food and beverage prepared, furnished or served to any person under a contract with the Council of State Governments in connection with the conference to be held in July 2011. A caterer or other contractor is not required to collect taxes if the transaction is exempt.

SECTION 296, NONCODE [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)] – Provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6 and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

HB 1003, SECTION 1, IC 6-3-2-22 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Authorizes a \$1,000 income tax deduction per dependent who was enrolled in a private school or homeschooled in grades K-12 and incurred costs for tuition, fees, computer software, textbooks or school supplies.

SECTION 4, IC 6-3.1-30.5-13 [EFFECTIVE JULY 1, 2011] – Increases the cap on the total amount of credits that can be claimed in a fiscal year for contributions to scholarship-granting organizations from \$2,500,000 to \$5,000,000.

HB 1004, SECTION 2, IC 2-7-5-6 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the renewal of a registered lobbyist.

SECTION 8, IC 4-30-11-11 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the payment to a person who has winnings from the Hoosier Lottery.

SECTION 9, IC 4-31-6-6 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest a license issued by the horse racing commission.

SECTION 10, IC 4-35-8-1 [EFFECTIVE JULY 1, 2011] – Provides that, after June 30, 2012, the wagering tax on slot machines at horse tracks will be based on 99% of the adjusted gross receipts.

SECTION 50, IC 6-2.5-5-5.1 [EFFECTIVE JULY 1, 2011] – Provides that a refund claim for utilities used in direct consumption by a person engaged in manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture or arboriculture may not cover transactions that occur more than 18 months before the date of the refund claim.

SECTION 51, IC 6-2.5-8-1 [EFFECTIVE JANUARY 1, 2012] – Provides that a registered retail merchant's certificate will not be renewed if the retail merchant is delinquent in remitting withholding taxes.

SECTION 52, IC 6-2.5-8-7 [EFFECTIVE JANUARY 1, 2012] – Provides that if the application fee or renewal fee for a registered retail merchant's certificate is returned as unpaid by a financial institution, the person has five days to make the payment before the certificate will be revoked.

SECTION 53, IC 6-3-1-3.5 [EFFECTIVE JANUARY 1, 2012] – Eliminates outdated individual income tax deductions and provides that interest earned on state and local obligations other than Indiana issues are subject to the adjusted gross income tax for obligations acquired after December 31, 2011. This provision applies to individuals, corporations, life insurance companies, insurance companies, trusts and estates.

SECTION 54, IC 6-3-2-1 [EFFECTIVE JULY 1, 2011] – Reduces the corporate income tax by one-half percent per year beginning July 1, 2012, until July 1, 2015, when the rate will be 6.5%. Provides for the proration of the rate based on the number of months in a taxpayer's taxable year for which the rate is effective. The prorated rate will be rounded to the nearest one-hundredth of one percent.

SECTION 55, IC 6-3-2-2 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that income for corporations and nonresident persons will be considered derived from sources within Indiana to the extent that income from intangible personal property is apportioned to Indiana, allocated to Indiana or considered to be derived from sources within Indiana.

SECTION 56, IC 6-3-2-2.5 [EFFECTIVE JANUARY 1, 2012] – Eliminates the net operating loss carry back after December 31, 2011, for resident persons.

SECTION 57, IC 6-3-2-2.6 [EFFECTIVE JANUARY 1, 2012] – Eliminates the net operating loss carry back after December 31, 2011, for corporations and nonresident persons.

SECTION 58, IC 6-3-4-3 [EFFECTIVE JANUARY 1, 2012] – Provides that the due date for an acquired corporation will be the same due date as the acquiring corporation if the two entities have different taxable year ending dates.

SECTION 59, IC 6-3-4-6 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Requires a taxpayer to notify the Department of a federal modification of adjusted gross income and file an amended return within 180 days after the modification. Current law requires the notification and amended return to be filed within 120 days.

SECTION 60, IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Eliminates the provision that allowed for advanced payments of the earned income tax credit through reduced employee withholding.

SECTION 61, IC 6-3.1-2-8 [EFFECTIVE JULY 1, 2011] – Provides that the teacher summer employment credit may not be awarded after December 31, 2011.

SECTION 62, IC 6-3.1-14-9 [EFFECTIVE JULY 1, 2011] – Provides that the maternity home tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013 but may be carried forward during 2014 and 2015.

SECTION 65, IC 6-3.1-21-8 [EFFECTIVE JULY 1, 2011] – Eliminates the reference to the advanced earned income tax credit in the earned income tax credit language.

SECTION 67, IC 6-3.1-24-8 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that, for calendar years beginning after December 31, 2010, the maximum venture capital tax credit available to a qualified business is \$1,000,000. Prior law limited the tax credit per qualified business to \$500,000.

SECTION 68, IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2011] – Extends the venture capital investment tax credit from December 31, 2012, to December 31, 2014.

SECTION 69, IC 6-3.1-31-14 [EFFECTIVE JULY 1, 2011] – Provides that the health benefit plan tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013 but may be carried forward during 2014 and 2015.

SECTION 71, IC 6-3.1-31.2-11 [EFFECTIVE JULY 1, 2011] – Provides that the small employer qualified wellness program tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013 but may be carried forward during 2014 and 2015.

SECTION 80, IC 6-5.5-1-2 [EFFECTIVE JANUARY 1, 2012] – Requires an add-back for investment companies equal to the amount of interest received from investment in state and local obligations of states or political subdivisions other than Indiana for obligations acquired after December 31, 2011.

SECTION 81, IC 6-7-2-2.1 [EFFECTIVE JANUARY 1, 2012] – Defines moist snuff as tobacco that is not intended to be smoked or placed in the nasal cavity.

SECTION 82, IC 6-7-2-5 [EFFECTIVE JANUARY 1, 2012] – Provides that the definition of other tobacco products includes moist snuff.

SECTION 83, IC 6-7-2-7 [EFFECTIVE JANUARY 1, 2012] – Provides that moist snuff shall be taxed at \$.40 per ounce instead of 24% of the wholesale price, which is the method of taxation for other tobacco products.

SECTION 84, IC 6-7-2-12 [EFFECTIVE JANUARY 1, 2012] – Provides that other tobacco products distributors shall file a monthly return that includes the wholesale price for tobacco products other than moist snuff and for moist snuff, the weight of the moist snuff.

SECTION 86, IC 6-8.1-5-1 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that a taxpayer has 60 days to pay or protest a proposed assessment. Current law limits the time period to 45 days.

SECTION 87, IC 6-8.1-8-2 [EFFECTIVE UPON PASSAGE] – Clarifies that a county clerk is required to expunge a warrant if it is determined that the tax warrant was issued in error. This section also requires the Department to mail the release of the warrant and the order for the warrant to be expunged within seven days of the determination that the warrant was in error.

SECTION 88, IC 6-8.1-8-16 [EFFECTIVE UPON PASSAGE] – Adds a new section that provides that no demand notice, warrant, levy or proceeding in court for the collection of a protested listed tax may be issued, commenced or conducted against a taxpayer until the later of the expiration of the period in which the taxpayer may appeal the listed tax to the tax court, or a decision of the tax court concerning the protested listed tax becomes final, if the taxpayer filed a timely appeal.

SECTION 89, IC 6-8.1-9-1 [EFFECTIVE UPON PASSAGE] – Clarifies that the tax court does not have jurisdiction to hear a refund appeal if: (1) the appeal is filed more than three years after the date the claim for refund was filed with the Department (current law); or (2) the appeal is filed more than 90 days after the later of the decision of denial of the claim or the decision made on the protest of the refund claim denial. This section also provides that a refund claim for sales tax based on predominant use under IC 6-2.5-4-5(c)(3) or the exemption provided under IC 6-2.5-5-5.1 for utilities must be filed with the Department within 18 months after the date of payment.

SECTION 90, IC 6-9-2-1 [EFFECTIVE JULY 1, 2011] – Provides that the Lake County Innkeepers' Tax applies if a room is rented for fewer than 30 days by the same party in the same room. The tax is collected at the local level.

SECTION 102, IC 6-9-10.5-6 [EFFECTIVE JULY 1, 2011] – Authorizes White County to increase the innkeepers' tax from 3% to 5%. The tax is collected at the local level.

SECTION 110, IC 6-9-24-9 [EFFECTIVE UPON PASSAGE] – Extends the Nashville Food and Beverage Tax from January 1, 2012, until January 1, 2022.

SECTION 112, IC 7.1-3-21-15 [EFFECTIVE JANUARY 1, 2012] – Provides that taxpayers who have an alcoholic beverage permit and delinquent tax liabilities will not have their permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

SECTION 113, IC 13-14-1-9 [EFFECTIVE JANUARY 1, 2012] – Clarifies that all holders of licenses and permits issued by the Department of Environmental Management will not have their license or permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

SECTION 114, IC 16-21-2-11 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a hospital, an ambulatory outpatient surgical center, an abortion clinic or a birthing center if the facility is on the Department's most recent tax warrant list.

SECTION 116, IC 16-25-3-4 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a hospice center if the center is on the Department’s most recent tax warrant list.

SECTION 117, IC 16-27-1-8 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a home health agency providing home health services if the agency is on the Department’s most recent tax warrant list.

SECTION 118, IC 16-28-2-3 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a health facility if the facility is on the Department’s most recent tax warrant list.

SECTION 119, IC 16-41-35-27 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a radiological technologist if the person is on the Department’s most recent tax warrant list.

SECTION 121, IC 20-28-5-14 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a teacher’s license will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

SECTION 131, IC 25-1-6-8 [EFFECTIVE JANUARY 1, 2012] – Clarifies that all licenses issued by the professional licensing agency will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

SECTION 132, IC 28-1-29-3 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a debt management company if the company is on the Department’s most recent tax warrant list.

SECTION 133, IC 28-7-5-5 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a pawnbroker if the pawnbroker is on the Department’s most recent tax warrant list.

SECTION 134, IC 28-8-4-20 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a money transmission company if the licensee is on the Department’s most recent tax warrant list.

SECTION 135, IC 28-8-5-11 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a check cashing company if the licensee is on the Department’s most recent tax warrant list.

SECTION 146, IC 36-7-13-15 [EFFECTIVE UPON PASSAGE] – Provides that the total annual incremental sales and withholding tax distributions for CRED districts in Delaware County may not exceed \$2,000,000.

SECTION 162, NONCODE [EFFECTIVE UPON PASSAGE] – Repeals IC 6-3.1-19-5.5 that placed certain conditions on Delaware County and qualifications for the CRED tax credit.

What Indiana Taxpayers Have To Say

“I have always been treated courteously by all of the folks in this [Muncie] office. It is a pleasure to have such knowledgeable and friendly people with whom to deal. They are a good example of competency for the state employee workforce.”

– **Joseph N.**

SECTION 166, NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Office of Management and Budget, along with the Department and the Family and Social Services Administration, to conduct a study of the issues related to the earned income tax credit.

SECTION 167, NONCODE [EFFECTIVE UPON PASSAGE] – Requires, among other things, the Commission on State Tax and Financing Policy to study all aspects, including advantages and disadvantages, of phasing out the state inheritance tax. Requires a study concerning sales tax holidays and Internet sales and taxation.

SECTION 174, NONCODE [EFFECTIVE JULY 1, 2011] – Provides that the other tobacco products tax on wet snuff of \$.40 per ounce applies to products brought into Indiana for distribution, manufactured in Indiana for distribution or transported to a retail dealer in Indiana for resale by the retail dealer by a distributor after December 31, 2011.

HB 1005, SECTION 1, IC 6-3.1-11-1 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that the minimum age for a facility to be eligible for the industrial recovery site tax credit has been reduced from 20 years to 15 years.

SECTION 2, IC 6-3.1-11-15 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides for a plant to qualify as a vacant industrial facility during the period from January 1, 2011, through December 31, 2014, the facility must have at least 50,000 square feet of floor space. After December 31, 2014, the facility must have at least 100,000 square feet of floor space. The facility has to be vacant for 1 year instead of 2 years, which was prior law.

HB 1252, SECTION 1, IC 6-3.5-7-5 [EFFECTIVE UPON PASSAGE] – Provides that the maximum CEDIT and COIT rates in Perry County may not exceed 1.75%.

SECTION 4, IC 6-3.5-7-27.5 [EFFECTIVE UPON PASSAGE] – Adds a new section to authorize Perry County to impose a CEDIT rate of five-tenths of one percent (0.5%) for use to construct, finance, acquire, improve, renovate, remodel or equip the county jail and related buildings and parking facilities, including costs of the demolition of existing buildings.

HB 1275, SECTION 1, IC 6-3.5-7-12.7 [EFFECTIVE JULY 1, 2011] – Allows a city, town or county to transfer to its general fund money that has been deposited in the CEDIT fund or the rainy day fund.

HB 1450, SECTION 15, IC 22-4-17-2.5 [EFFECTIVE JULY 1, 2011] – Provides that after December 31, 2011, an individual receiving unemployment compensation may elect to have state and local adjusted gross income taxes withheld from the individual's payment of unemployment compensation based on withholding instructions issued by the Department.

HB 1539, SECTION 1, IC 6-3.5-6-18 [EFFECTIVE JULY 1, 2011] – Provides that Marion County may use COIT revenue to fund the operation of a public library.

SENATE BILLS

SB 39, NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Commission on State Tax and Financing Policy to study how the tax structure in Indiana influences a senior's decision on residency after retirement.

SB 62, SECTIONS 1 THROUGH 10, IC 6-3.5-1.1-2; IC 6-3.5-1.1-2.3; IC 6-3.5-1.1-3; IC 6-3.5-1.1-3.1; IC 6-3.5-1.1-4; IC 6-3.5-1.1-10; IC 6-3.5-1.1-11; IC 6-3.5-1.1-21; IC 6-3.5-1.1-21.1; IC 6-3.5-1.1-24 [EFFECTIVE UPON PASSAGE] – Conform references to ordinance adoption dates in the CAGIT laws to the dates specified in P.L. 113-210.

SECTIONS 11 THROUGH 23, IC 6-3.5-6-2; IC 6-3.5-6-8; IC 6-3.5-6-9; IC 6-3.5-6-10; IC 6-3.5-6-11; IC 6-3.5-6-12; IC 6-3.5-6-12.5; IC 6-3.5-6-13; IC 6-3.5-6-14; IC 6-3.5-6-28; IC 6-3.5-6-29; IC 6-3.5-6-30; IC 6-3.5-6-33 [EFFECTIVE UPON PASSAGE] – Conform references to ordinance adoption dates in the COIT laws to the dates specified in P.L. 113-210.

SECTIONS 24 THROUGH 32, IC 6-3.5-7-5; IC 6-3.5-7-6; IC 6-3.5-7-7; IC 6-3.5-7-12; IC 6-3.5-7-13.1; IC 6-3.5-7-16; IC 6-3.5-7-26; IC 6-3.5-7-27; IC 6-3.5-7-28 [EFFECTIVE UPON PASSAGE] – Conform references to ordinance adoption dates in the CEDIT laws to the dates specified in P.L. 113-210.

SB 127, SECTION 14, IC 9-24-6-5.5 [EFFECTIVE JULY 1, 2011] – For periods after December 31, 2011, transfers authority over truck driving schools from the Department to the Bureau of Motor Vehicles.

SB 155, SECTION 1, IC 6-8.1-8-2 [EFFECTIVE JULY 1, 2011] – Provides that a lien on real property is void if the person owing the tax provides written notice to the Department to file an action to foreclose on the lien and the Department fails to file an action to foreclose on the lien within 180 days after receiving the notice. After 180 days, the taxpayer may file an affidavit with the county clerk that the Department has not taken action to foreclose on the lien. Upon receipt of the affidavit, the circuit court clerk shall make an entry showing the release of the judgment lien in the judgment records for tax warrants.

SECTION 2, IC 6-8.1-8-3 [EFFECTIVE JULY 1, 2011] – Provides that a county sheriff still has collection authority if the taxpayer has taken an action to have the Department foreclose on the lien and the judgment lien has been released.

What Indiana Taxpayers Have To Say



Iris Griggs

"Iris Griggs was absolutely wonderful. As a husband and father, I felt overwhelmed by my tax situation. Iris took a weight off of my shoulders. Thank you."

– David C.

SECTION 3, IC 6-8.1-8-8 [EFFECTIVE JULY 1, 2011] – Provides that the Department still has authority to levy or garnish for a tax liability where the taxpayer has had a lien released as a result of the Department not foreclosing on the lien.

SB 458, SECTION 1, IC 6-6-4.1-2 [EFFECTIVE JULY 1, 2011] – Provides an exemption from the motor carrier fuel use tax for vehicles with room for no more than nine passengers.

SECTION 2, IC 6-6-4.1-10 [EFFECTIVE JANUARY 1, 2012] – Provides that all reports required to be filed, and taxes required to be remitted, for the motor carrier fuel use tax and IFTA shall be reported and filed electronically as prescribed by the Department.

SECTION 3, IC 6-6-4.1-17 [EFFECTIVE JANUARY 1, 2012] – Provides that if a motor carrier fails to report or remit in an electronic format as required, the Commissioner may suspend or revoke the motor carrier's annual permit.

SECTION 4, IC 8-2.1-22-36 [EFFECTIVE JULY 1, 2011] – Authorizes the Department to grant temporary authority or emergency temporary authority to certain persons during the Super Bowl or the NCAA Final Four for a period of not more than 15 consecutive days.

SECTION 5, IC 9-20-18-14.5 [EFFECTIVE JANUARY 1, 2012] – Provides that penalties for violations of oversize/overweight statutes are imposed on the person whose United States Department of Transportation number is registered on the vehicle transporting the load. This section also provides that civil penalties for violations of the statute are discretionary. The statute previously required a civil penalty of a specific amount; this amendment allows the civil penalty to be up to a specific amount.

SECTION 6, IC 9-24-6-0.8 [EFFECTIVE JULY 1, 2011] – Adds the term *downgrade* as defined in 49 CFR 383.5 to the terms used concerning commercial driver's license.

SECTION 7, IC 9-24-6-0.9 [EFFECTIVE JULY 1, 2011] – Adds the term *medical examiner* as defined in 49 CFR 390.5 to the terms used concerning commercial driver's license.

SECTION 8, IC 9-24-6-2.3 [EFFECTIVE JULY 1, 2011] – Adds a provision to require an applicant for a new commercial driver's license to provide the Bureau of Motor Vehicles with a copy of a current medical examination report and medical examiner's certificate prepared by a medical examiner. If a medical examination report does not certify that a commercial driver's license holder meets the physical standards required, or if the driver is otherwise unqualified, the commercial driver's license or permit will be disqualified.

SECTION 9, IC 9-24-6-20 [EFFECTIVE JULY 1, 2011] – Adds a provision to require the Bureau of Motor Vehicles to downgrade the commercial driver's license of a driver if the driver's medical certification expires or the Bureau receives notification that the driver's federally granted medical variance was removed or rescinded. To prevent the driver's license from being downgraded, the driver must submit a current and qualifying medical examination report or a federally granted medical variance within 60 days after the Bureau of Motor Vehicles has initiated the downgrade. The applicant for a commercial driver's license is required to certify that he is going to operate either in interstate or intrastate commerce.

SB 459, SECTION 1, IC 6-2.5-4-6 [EFFECTIVE UPON PASSAGE] – Makes a technical change in the provision concerning the retail transaction of telecommunications service to coincide with the amendment concerning prepaid calling services made in IC 6-2.5-4-13.

SECTION 2, IC 6-2.5-4-13 [EFFECTIVE UPON PASSAGE] – Changes the terminology of a prepaid telephone calling card to a prepaid calling service or prepaid wireless calling service to coincide with the requirements of the Streamlined Sales and Use Tax Agreement.

SECTION 3, IC 6-2.5-5-18 [EFFECTIVE UPON PASSAGE] – Provides that the sale and rental of durable medical equipment, mobility enhancing equipment, prosthetic devices, artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, contact lenses and other medical supplies and devices are treated in the same fashion and that there is no difference in the exemption whether the equipment is sold or rented.

SECTION 4, IC 6-2.5-11-10 [EFFECTIVE UPON PASSAGE] – Provides that sellers, including certified service providers and sellers using a certified automated system, are not liable for sales or use tax collection errors that result from the Department's certification or taxability matrix.

SB 490, SECTION 134, IC 6-2.5-3-0.3 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended section 1 of this chapter is to be construed liberally in favor of persons, corporations, partnerships or other entities contracting with commercial printers.

SECTION 135, IC 6-2.5-5-0.4 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended section 36 of this chapter is to be construed liberally in favor of persons, corporations, partnerships or other entities contracting with commercial printers.

SECTION 137, IC 6-2.5-8-0.3 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended sections 8.5 and 11 of this chapter is to be construed liberally in favor of persons, corporations, partnerships or other entities contracting with commercial printers.

SECTION 138, IC 6-3-2-0.3 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended section 2.3 of this chapter is to be construed liberally in favor of persons, corporations, partnerships, or other entities contracting with commercial printers.

SB 590, SECTION 4, IC 6-3-1-3.5 [EFFECTIVE JULY 1, 2011] – For taxable years beginning after June 30, 2011, this requires individuals, corporations, life insurance companies, insurance companies and trusts and estates to add back to adjusted gross income any wages, reimbursements or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

SECTION 5, IC 6-3.1-13-5 [EFFECTIVE JULY 1, 2011] – Provides that incremental withholding for purposes of the Economic Development for a Growing Economy (EDGE) Tax Credit does not apply to any employee who is an unauthorized alien.

SECTION 6, IC 6-3.1-13-18 [EFFECTIVE JULY 1, 2011] – Provides that the EDGE Tax Credit for retention does not apply to any employee who is an unauthorized alien.

SECTION 7, IC 6-5.5-1-2 [EFFECTIVE JULY 1, 2011] – For taxable years beginning after June 30, 2011, this requires financial institutions to add back to adjusted gross income any wages, reimbursements or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

TAXES AFFECTED (BY CODE CITATION)

SALES AND USE TAX (IC 6-2.5)

IC 6-2.5-3-0.3 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended section 1 of this chapter is to be construed liberally in favor of persons, corporations, partnerships or other entities contracting with commercial printers.

IC 6-2.5-3-9 [EFFECTIVE JULY 1, 2011] – Provides that use tax collected from remote sellers with respect to remote sales sourced to Indiana shall be transferred to the pension stabilization fund for the amount of tax collected from remote sales that exceeds \$150,000,000 in the previous fiscal year.

IC 6-2.5-3-10 [EFFECTIVE JULY 1, 2011] – Requires the Department to publish on its website information needed to communicate a person's obligation to remit use tax on purchases made where no sales tax was collected, including purchases using the Internet or a catalog.

IC 6-2.5-4-6 [EFFECTIVE UPON PASSAGE] – Makes a technical change in the provision concerning the retail transaction of telecommunications service to coincide with the amendment concerning prepaid calling services made in IC 6-2.5-4-13.

IC 6-2.5-4-13 [EFFECTIVE UPON PASSAGE] – Changes the terminology of a prepaid telephone calling card to a prepaid calling service or prepaid wireless calling service to coincide with the requirements of the Streamlined Sales and Use Tax Agreement.

IC 6-2.5-5-0.4 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended section 36 of this chapter is to be construed liberally in favor of persons, corporations, partnerships or other entities contracting with commercial printers.

IC 6-2.5-5-5.1 [EFFECTIVE JULY 1, 2011] – Provides that a refund claim for utilities used in direct consumption by a person engaged in manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture or arboriculture may not cover transactions that occur more than 18 months before the date of the refund claim.

IC 6-2.5-5-18 [EFFECTIVE UPON PASSAGE] – Provides that the sale and rental of durable medical equipment, mobility enhancing equipment, prosthetic devices, artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, contact lenses and other medical supplies and devices are treated in the same fashion and that there is no difference in the exemption whether the equipment is sold or rented.

IC 6-2.5-8-0.3 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended sections 8.5 and 11 of this chapter is to be construed liberally in favor of persons, corporations, partnerships or other entities contracting with commercial printers.

IC 6-2.5-8-1 [EFFECTIVE JANUARY 1, 2012] – Provides that a registered retail merchant's certificate will not be renewed if the retail merchant is delinquent in remitting withholding taxes.

IC 6-2.5-8-7 [EFFECTIVE JANUARY 1, 2012] – Provides that if the application fee or renewal fee for a registered retail merchant's certificate is returned as unpaid by a financial institution, the person has five days to make the payment before the certificate will be revoked.

IC 6-2.5-10-1 [EFFECTIVE JULY 1, 2011] – Changes the sales tax collection percentage deposited in the state general fund from 99.178% to 99.848% and decreases the amount deposited in the public mass transportation fund from 0.67% to zero.

IC 6-2.5-11-10 [EFFECTIVE UPON PASSAGE] – Provides that sellers, including certified service providers and sellers using a certified automated system, are not liable for sales or use tax collection errors that result from the Department's certification or taxability matrix.

NONCODE [EFFECTIVE UPON PASSAGE] – Provides that the Council of State Governments is exempt from the sales tax for any food and beverage prepared, furnished or served to any person under a contract with the Council of State Governments in connection with the conference to be held in July 2011. A caterer or other contractor is not required to collect taxes if the transaction is exempt.

ADJUSTED GROSS INCOME TAX (IC 6-3)

IC 6-3-1-3.5 [EFFECTIVE JANUARY 1, 2012] – Eliminates outdated individual income tax deductions and provides that interest earned on state and local obligations other than Indiana issues are subject to the adjusted gross income tax for obligations acquired after December 31, 2011. This provision applies to individuals, corporations, life insurance companies, insurance companies, trusts and estates.

IC 6-3-1-3.5 [EFFECTIVE JULY 1, 2011] – For taxable years beginning after June 30, 2011, this requires individuals, corporations, life insurance companies, insurance companies and trusts and estates to add back to adjusted gross income any wages, reimbursements or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

IC 6-3-1-3.5 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Requires add backs to the definition of Indiana adjusted gross income of several provisions that are deductible in the Internal Revenue Code.

For individuals the add-backs are

- Expensing of environmental remediation costs
- Charitable distributions from an individual retirement plan
- Expenses for qualified tuition and related expenses
- Expenses of elementary and secondary school teachers
- Employer-provided education expenses

What Indiana Taxpayers Have To Say

"The service I received from the INDOR was outstanding! Attitudes coming through the phone indicated their pleasure to be of service with a smile until the job was done. Please pass my thanks on to **Cheressa [Crain]** and **Shannon [Stewart]**. They truly exceeded client care!"

– **Linda T.**

- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified transportation fringe benefits that exceeds \$100 per month
- The amount of interest deducted for qualified student loans that exceeds the amount allowed prior to the enactment of P.L. 111-312
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L. 111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

For corporations, life insurance companies and insurance companies, the add-backs are

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L. 111-240

For trusts and estates, the add-backs are

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L. 111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6, and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-3-1-11 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Updates the reference to the Internal Revenue Code in the Indiana Code to be the Internal Revenue Code as it exists on January 1, 2011. The following provisions amended by Congress during 2010 are to be treated as though they had not been amended during 2010:

- Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders
- Section 871(k)(1)(c) of the Internal Revenue Code pertaining to the treatment of certain dividends of regulated investment companies
- Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment
- Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations
- Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells
- Section 451(i)(3) of the Internal Revenue Code pertaining to special rules for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities
- Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporations under foreign personal holding company rules

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6, and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-3-2-0.3 [EFFECTIVE JULY 1, 2011] – Provides that the legislative intent of P.L. 70-1993 as it amended section 2.3 of this chapter is to be construed liberally in favor of persons, corporations, partnerships or other entities contracting with commercial printers.

IC 6-3-2-1 [EFFECTIVE JULY 1, 2011] – Reduces the corporate income tax by one-half percent per year beginning July 1, 2012, until July 1, 2015, when the rate will be 6.5%. Provides for the proration of the rate based on the number of months in a taxpayer's taxable year for which the rate is effective. The prorated rate will be rounded to the nearest one-hundredth of one percent.

IC 6-3-2-2 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that income for corporations and nonresident persons will be considered derived from sources within Indiana to the extent that income from intangible personal property is apportioned to Indiana, allocated to Indiana or considered to be derived from sources within Indiana.

IC 6-3-2-2.5 [EFFECTIVE JANUARY 1, 2012] – Eliminates the net operating loss carry back after December 31, 2011, for resident persons.

IC 6-3-2-2.6 [EFFECTIVE JANUARY 1, 2012] – Eliminates the net operating loss carry back after December 31, 2011, for corporations and nonresident persons.

IC 6-3-4-1.5 [EFFECTIVE JULY 1, 2011] – Requires a professional preparer who files more than 50 returns in 2012 and more than 10 returns in 2013 to file the returns in an electronic format. Current law requires electronic filing if more than 100 returns is filed.

IC 6-3-4-3 [EFFECTIVE JANUARY 1, 2012] – Provides that the due date for an acquired corporation will be the same due date as the acquiring corporation if the two entities have different taxable year ending dates.

IC 6-3-4-6 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Requires a taxpayer to notify the Department of a federal modification of adjusted gross income and file an amended return within 180 days after the modification. Current law requires the notification and amended return to be filed within 120 days.

IC 6-3-4-8 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Eliminates the provision that allowed for advanced payments of the earned income tax credit through reduced employee withholding.

IC 6-3-2-22 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Makes a technical change to the income tax deduction for expenses related to sending children to a private school or being homeschooled.

IC 6-3-2-22 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Authorizes a \$1,000 income tax deduction per dependent who was enrolled in a private school or homeschooled in grades K-12 and incurred costs for tuition, fees, computer software, textbooks or school supplies.

TAX CREDITS (IC 6-3.1)

IC 6-3.1-2-8 [EFFECTIVE JULY 1, 2011] – Provides that the teacher summer employment credit may not be awarded after December 31, 2011.

IC 6-3.1-11-1 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that the minimum age for a facility to be eligible for the industrial recovery site tax credit has been reduced from 20 years to 15 years.

IC 6-3.1-11-15 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that for a plant to qualify as a vacant industrial facility during the period from January 1, 2011, through December 31, 2014, the facility must have at least 50,000 square feet of floor space. After December 31, 2014, the facility must have at least 100,000 square feet of floor space. The facility has to be vacant for 1 year instead of 2 years, which was prior law.

IC 6-3.1-13-5 [EFFECTIVE JULY 1, 2011] – Provides that incremental withholding for purposes of the Economic Development for a Growing Economy (EDGE) Tax Credit does not apply to any employee who is an unauthorized alien.

IC 6-3.1-13-18 [EFFECTIVE JULY 1, 2011] – Provides that the EDGE Tax Credit for retention does not apply to any employee who is an unauthorized alien.

IC 6-3.1-14-9 [EFFECTIVE JULY 1, 2011] – Provides that the maternity home tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013 but may be carried forward during 2014 and 2015.

IC 6-3.1-21-6 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that the calculation of the earned income tax credit is based on the federal earned income tax credit as it existed before being amended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6 and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-3.1-21-8 [EFFECTIVE JULY 1, 2011] – Eliminates reference to the advanced earned income tax credit in the earned income tax credit language.

IC 6-3.1-24-8 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that, for calendar years beginning after December 31, 2010, the maximum venture capital tax credits available to a qualified business is \$1,000,000. Prior law limited the tax credit per qualified business to \$500,000.

IC 6-3.1-24-9 [EFFECTIVE JULY 1, 2011] – Extends the venture capital investment tax credit from December 31, 2012, to December 31, 2014.

IC 6-3.1-30.5-13 [EFFECTIVE JULY 1, 2011] – Increases the cap on the total amount of credits that can be claimed in a fiscal year for contributions to scholarship-granting organizations from \$2,500,000 to \$5,000,000.

IC 6-3.1-31-14 [EFFECTIVE JULY 1, 2011] – Provides that the health benefit plan tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013 but may be carried forward during 2014 and 2015.

IC 6-3.1-31.2-11 [EFFECTIVE JULY 1, 2011] – Provides that the small employer qualified wellness program tax credit may not be awarded after December 31, 2011, and that credits previously awarded may not be carried forward during 2012 and 2013 but may be carried forward during 2014 and 2015.

NONCODE [EFFECTIVE UPON PASSAGE] – Repeals IC 6-3.1-19-5.5 that placed certain conditions on Delaware County and qualifications for the CRED tax credit.

COUNTY ADJUSTED GROSS INCOME TAX (CAGIT) (IC 6-3.5-1.1)

IC 6-3.5-1.1-2; IC 6-3.5-1.1-2.3; IC 6-3.5-1.1-3; IC 6-3.5-1.1-3.1; IC 6-3.5-1.1-4; IC 6-3.5-1.1-10; IC 6-3.5-1.1-11; IC 6-3.5-1.1-21; IC 6-3.5-1.1-21.1; IC 6-3.5-1.1-24 [EFFECTIVE UPON PASSAGE] – Conform references to ordinance adoption dates in the CAGIT laws to the dates specified in P.L. 113-210.

COUNTY OPTION INCOME TAX (COIT) (IC 6-3.5-6)

IC 6-3.5-6-2; IC 6-3.5-6-8; IC 6-3.5-6-9; IC 6-3.5-6-10; IC 6-3.5-6-11; IC 6-3.5-6-12; IC 6-3.5-6-12.5; IC 6-3.5-6-13; IC 6-3.5-6-14; IC 6-3.5-6-28; IC 6-3.5-6-29; IC 6-3.5-6-30; IC 6-3.5-6-33 [EFFECTIVE UPON PASSAGE] – Conform references to ordinance adoption dates in the COIT laws to the dates specified in P.L. 113-210.

IC 6-3.5-6-18 [EFFECTIVE JULY 1, 2011] – Provides that Marion County may use COIT revenue to fund the operation of a public library.

COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT) (IC 6-3.5-7)

IC 6-3.5-7-5 [EFFECTIVE UPON PASSAGE] – Provides that the maximum CEDIT and COIT rates in Perry County may not exceed 1.75%.

IC 6-3.5-7-12.7 [EFFECTIVE JULY 1, 2011] – Allows a city, town or county to transfer to its general fund money that has been deposited in the CEDIT fund or the rainy day fund.

IC 6-3.5-7-27.5 [EFFECTIVE UPON PASSAGE] – Adds a new section to authorize Perry County to impose a CEDIT rate of five-tenths of one percent (0.5%) for use to construct, finance, acquire, improve, renovate, remodel or equip the county jail and related buildings and parking facilities, including costs of demolition of existing buildings.

IC 6-3.5-7-5; IC 6-3.5-7-6; IC 6-3.5-7-7; IC 6-3.5-7-12; IC 6-3.5-7-13.1; IC 6-3.5-7-16; IC 6-3.5-7-26; IC 6-3.5-7-27; IC 6-3.5-7-28 [EFFECTIVE UPON PASSAGE] – Conform references to ordinance adoption dates in the CEDIT laws to the dates specified in P.L. 113-210.

FINANCIAL INSTITUTIONS TAX (IC 6-5.5)

IC 6-5.5-1-2 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Requires financial institutions to add back the following items to adjusted gross income:

- Expensing of environmental remediation costs
- Expenses for qualified mine safety equipment property deducted under Section 179E of the Internal Revenue Code
- The amount of qualified leasehold improvement property in service during the taxable year and that was classified as 15-year property under Section 168(e)(3)(C)(iii) of the Internal Revenue Code
- The amount of income of any taxpayer that placed a motor sports entertainment complex in service during the taxable year that was classified as 7-year property under Section 168(e)(3)(C)(ii) of the Internal Revenue Code
- The amount of start-up expenditures that exceeds the amount the taxpayer could deduct under Section 195 of the Internal Revenue Code before it was amended by P.L.111-240
- The amount of income for which tax was not imposed on the net recognized built-in gain of an S corporation under Section 1374(d)(7) of the Internal Revenue Code

What Indiana Taxpayers Have To Say



Jetra Daniels

"**Jetra [Daniels]** has helped me on several occasions when I had clients with problems or issues. She has been very helpful, considerate and understanding in all instances, and all issues have been satisfactorily resolved. She is friendly and professional, traits often lacking in today's business environment. Please accept this letter as a sincere expression of my gratitude for her assistance."

– **R. W. Elbert, CPA**

Note: SECTION 296 of HB 1001 (a NONCODE provision) provides that IC 6-3-1-3.5, IC 6-3-1-11, IC 6-3.1-21-6 and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

IC 6-5.5-1-2 [EFFECTIVE JANUARY 1, 2012] – Requires an add-back for investment companies equal to the amount of interest received from investment in state and local obligations of states or political subdivisions other than Indiana for obligations acquired after December 31, 2011.

IC 6-5.5-1-2 [EFFECTIVE JULY 1, 2011] – For taxable years beginning after June 30, 2011, this requires financial institutions to add back to adjusted gross income any wages, reimbursements or other payments made for services if the person was prohibited from being hired as an employee because the person was an unauthorized alien.

MOTOR CARRIER FUEL USE TAX (IC 6-6-4.1)

IC 6-6-4.1-2 [EFFECTIVE JULY 1, 2011] – Provides an exemption from the motor carrier fuel use tax for vehicles with room for no more than nine passengers.

IC 6-6-4.1-10 [EFFECTIVE JANUARY 1, 2012] – Provides that all reports required to be filed, and taxes required to be remitted, for the motor carrier fuel use tax and IFTA shall be reported and filed electronically as prescribed by the Department.

IC 6-6-4.1-17 [EFFECTIVE JANUARY 1, 2012] – Provides that if a motor carrier fails to report or remit in an electronic format as required, the Commissioner may suspend or revoke the motor carrier's annual permit.

CIGARETTE TAX (IC 6-7-1)

IC 6-7-1-28.1 [EFFECTIVE JULY 1, 2011] – Changes the distribution of the cigarette tax so that there are no funds distributed to the state retiree health benefit trust fund and an additional 5.74% is distributed to the general fund during the period from July 1, 2011, to June 30, 2013.

OTHER TOBACCO PRODUCTS TAX (IC 6-7-2)

IC 6-7-2-2.1 [EFFECTIVE JANUARY 1, 2012] – Defines moist snuff as tobacco that is not intended to be smoked or placed in the nasal cavity.

IC 6-7-2-5 [EFFECTIVE JANUARY 1, 2012] – Provides that the definition of other tobacco products includes moist snuff.

IC 6-7-2-7 [EFFECTIVE JANUARY 1, 2012] – Provides that moist snuff shall be taxed at \$.40 per ounce instead of 24% of the wholesale price, which is the method of taxation for other tobacco products.

IC 6-7-2-12 [EFFECTIVE JANUARY 1, 2012] – Provides that other tobacco products distributors shall file a monthly return that includes the wholesale price for tobacco products other than moist snuff and, for moist snuff, the weight of the moist snuff.

NONCODE [EFFECTIVE JULY 1, 2011] – Provides that the other tobacco products tax on wet snuff of \$.40 per ounce applies to products brought into Indiana for distribution, manufactured in Indiana for distribution or transported to a retail dealer in Indiana for resale by the retail dealer by a distributor after December 31, 2011.

TAX ADMINISTRATION (IC 6-8.1)

IC 6-8.1-5-1 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)] – Provides that a taxpayer has 60 days to pay or protest a proposed assessment. Current law limits the time period to 45 days.

IC 6-8.1-8-2 [EFFECTIVE UPON PASSAGE] – Clarifies that a county clerk is required to expunge a warrant if it is determined that the tax warrant was issued in error. This section also requires the Department to mail the release of the warrant and the order for the warrant to be expunged within seven days of the determination that the warrant was in error.

IC 6-8.1-8-2 [EFFECTIVE JULY 1, 2011] – Provides that a lien on real property is void if the person owing the tax provides written notice to the Department to file an action to foreclose on the lien and the Department fails to file an action to foreclose on the lien within 180 days after receiving the notice. After 180 days, the taxpayer may file an affidavit with the county clerk that the Department has not taken action to foreclose on the lien. Upon receipt of the affidavit, the circuit court clerk shall make an entry showing the release of the judgment lien in the judgment records for tax warrants.

IC 6-8.1-8-3 [EFFECTIVE JULY 1, 2011] – Provides that a county sheriff still has collection authority if the taxpayer has taken an action to have the Department foreclose on the lien and the judgment lien has been released.

IC 6-8.1-8-8 [EFFECTIVE JULY 1, 2011] – Provides that the Department still has authority to levy or garnish for a tax liability where the taxpayer has had a lien released as a result of the Department not foreclosing on the lien.

IC 6-8.1-8-16 [EFFECTIVE UPON PASSAGE] – Adds a new section that provides that no demand notice, warrant, levy or proceeding in court for the collection of a protested listed tax may be issued, commenced or conducted against a taxpayer until the later of the expiration of the period in which the taxpayer may appeal the listed tax to the tax court or a decision of the tax court concerning the protested listed tax becomes final if the taxpayer filed a timely appeal.

IC 6-8.1-9-1 [EFFECTIVE UPON PASSAGE] – Clarifies that the tax court does not have jurisdiction to hear a refund appeal if: (1) the appeal is filed more than three years after the date the claim for refund was filed with the Department (current law); or (2) the appeal is filed more than 90 days after the later of the decision of denial of the claim or the decision made on the protest of the refund claim denial. This section also provides that a refund claim for sales tax based on predominant use under IC 6-2.5-4-5(c)(3) or the exemption provided under IC 6-2.5-5-5.1 for utilities must be filed with the Department within 18 months after the date of payment.

INNKEEPERS' TAXES, OTHER LOCAL TAXES (IC 6-9)

IC 6-9-2-1 [EFFECTIVE JULY 1, 2011] – Provides that the Lake County Innkeepers' Tax applies if a room is rented for fewer than 30 days by the same party in the same room. The tax is collected at the local level.

IC 6-9-7-7 [EFFECTIVE UPON PASSAGE] – Provides that 30% of the Innkeepers' Tax in Tippecanoe County will be deposited in the state general fund for the period from July 1, 2015, to June 30, 2017.

IC 6-9-10.5-6 [EFFECTIVE JULY 1, 2011] – Authorizes White County to increase the Innkeepers' Tax from 3% to 5%. The tax is collected at the local level.

IC 6-9-24-9 [EFFECTIVE UPON PASSAGE] – Extends the Nashville Food and Beverage Tax from January 1, 2012, until January 1, 2022.

ALCOHOLIC BEVERAGE TAXES AND PERMITS (IC 7.1)

IC 7.1-3-21-15 [EFFECTIVE JANUARY 1, 2012] – Provides that a taxpayer who has an alcoholic beverage permit and delinquent tax liabilities will not have her permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

MOTOR CARRIER SERVICES (IC 8-2.1 & IC 9)

IC 8-2.1-22-36 [EFFECTIVE JULY 1, 2011] – Authorizes the Department to grant temporary authority or emergency temporary authority to certain persons during the Super Bowl or the NCAA Final Four for a period of not more than 15 consecutive days.

IC 9-20-18-14.5 [EFFECTIVE JANUARY 1, 2012] – Provides that penalties for violations of oversize/overweight statutes are imposed on the person whose United States Department of Transportation number is registered on the vehicle transporting the load. This section also provides that civil penalties for violations of the statute are discretionary. The statute previously required a civil penalty of a specific amount; this amendment allows the civil penalty to be up to a specific amount.

IC 9-24-6-0.8 [EFFECTIVE JULY 1, 2011] – Adds the term *downgrade* as defined in 49 CFR 383.5 to the terms used concerning commercial driver's license.

IC 9-24-6-0.9 [EFFECTIVE JULY 1, 2011] – Adds the term *medical examiner* as defined in 49 CFR 390.5 to the terms used concerning commercial driver's license.

IC 9-24-6-2.3 [EFFECTIVE JULY 1, 2011] – Adds a provision to require an applicant for a new commercial driver's license to provide the Bureau of Motor Vehicles with a copy of a current medical examination report and medical examiner's certificate prepared by a medical examiner. If a medical examination report does not certify that a commercial driver's license holder meets the physical standards required, or if the driver is otherwise unqualified, the commercial driver's license or permit is disqualified.

IC 9-24-6-5.5 [EFFECTIVE JULY 1, 2011] – For periods after December 31, 2011, this transfers authority over truck driving schools from the Department to the Bureau of Motor Vehicles.

IC 9-24-6-20 [EFFECTIVE JULY 1, 2011] – Adds a provision to require the Bureau of Motor Vehicles to downgrade the commercial driver's license of a driver if the driver's medical certification expires or the Bureau receives notification that the driver's federally granted medical variance was removed or rescinded. To prevent the driver's license from being downgraded, the driver must submit a current and qualifying medical examination report or a federally granted medical variance within 60 days after the Bureau of Motor Vehicles has initiated the downgrade. The applicant for a commercial driver's license is required to certify that he is going to operate either in interstate or intrastate commerce.

LICENSE PROTEST PROVISIONS

IC 2-7-5-6 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the renewal of a registered lobbyist.

IC 4-30-11-11 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest the payment to a person who has winnings from the Hoosier Lottery.

IC 4-31-6-6 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a delinquent tax liability must be at a tax warrant stage before the Department will protest a license issued by the horse racing commission.

IC 13-14-1-9 [EFFECTIVE JANUARY 1, 2012] – Clarifies that all holders of licenses and permits issued by the Department of Environmental Management will not have their license or permit protested by the Department unless the tax delinquency has advanced to a tax warrant.

IC 16-21-2-11 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a hospital, an ambulatory outpatient surgical center, an abortion clinic or a birthing center if the facility is on the Department's most recent tax warrant list.

IC 16-25-3-4 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a hospice center if the center is on the Department's most recent tax warrant list.

IC 16-27-1-8 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a home health agency providing home health services if the agency is on the Department's most recent tax warrant list.

IC 16-28-2-3 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a health facility if the facility is on the Department's most recent tax warrant list.

IC 16-41-35-27 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a radiological technologist if the person is on the Department's most recent tax warrant list.

IC 20-28-5-14 [EFFECTIVE JANUARY 1, 2012] – Clarifies that a teacher's license will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

IC 25-1-6-8 [EFFECTIVE JANUARY 1, 2012] – Clarifies that all licenses issued by the professional licensing agency will not be protested by the Department unless a tax delinquency has advanced to a tax warrant.

IC 28-1-29-3 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a debt management company if the company is on the Department's most recent tax warrant list.

IC 28-7-5-5 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a pawnbroker if the pawnbroker is on the Department's most recent tax warrant list.

IC 28-8-4-20 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a money transmission company if the licensee is on the Department's most recent tax warrant list.

IC 28-8-5-11 [EFFECTIVE JANUARY 1, 2012] – Authorizes the Department to protest the license of a check cashing company if the licensee is on the Department's most recent tax warrant list.

MISCELLANEOUS

IC 4-10-22 [EFFECTIVE JANUARY 1, 2012] – Provides that if the state reserves at the end of a fiscal year exceed 10% of the general revenue appropriations for the current state fiscal year, 50% of the excess reserves shall be transferred to the pension stabilization fund and 50% shall be used to provide an automatic tax refund. To qualify for the refund, a taxpayer must have filed a resident individual income tax return for the last two years and must have paid tax to the state during the previous taxable year. The amount of the refund is determined on a pro rata basis, based on the taxpayer's portion of the total income tax liability paid by all qualifying taxpayers in the preceding year.

IC 4-35-8-1 [EFFECTIVE JULY 1, 2011] – Provides that, after June 30, 2012, the wagering tax on slot machines at horse tracks will be based on 99% of the adjusted gross receipts.

IC 22-4-17-2.5 [EFFECTIVE JULY 1, 2011] – Provides that after December 31, 2011, an individual receiving unemployment compensation may elect to have state and local adjusted gross income taxes withheld from the individual's payment of unemployment compensation based on withholding instructions issued by the Department.

IC 36-7-13-15 [EFFECTIVE UPON PASSAGE] – Provides that the total annual incremental sales and withholding tax distributions for CRED districts in Delaware County may not exceed \$2,000,000.

What Indiana Taxpayers Have To Say

"The people in the Clarksville office are so courteous and knowledgeable. Thanks for the excellent service."

– Richard S.

NONCODE SECTIONS

NONCODE [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)] – Provides that IC 6-3-1-3.5; IC 6-3-1-11, IC 6-3.1-21-6 and IC 6-5.5-1-2 apply to taxable years beginning after December 31, 2009.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Office of Management and Budget, along with the Department and the Family and Social Services Administration, to conduct a study of the issues related to the earned income tax credit.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires, among other things, the Commission on State Tax and Financing Policy to study all aspects, including advantages and disadvantages, of phasing out the state inheritance tax. Requires a study concerning sales tax holidays and Internet sales and taxation.

NONCODE [EFFECTIVE UPON PASSAGE] – Requires the Commission on State Tax and Financing Policy to study how the tax structure in Indiana influences a senior's decision on residency after retirement.

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